

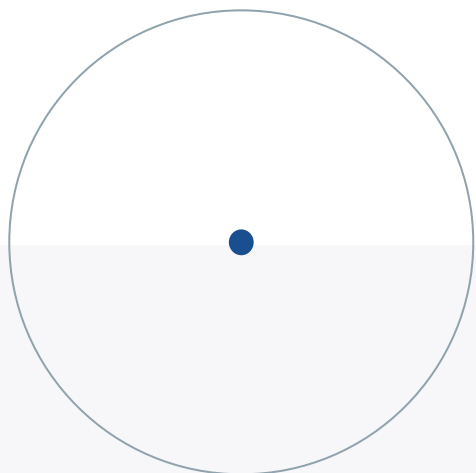
Aranco

Sustainability Report Aranco 2021.



ARANCO

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A word from our Chief Executive Director.

A word from our Chief Executive Director.

Dear Readers:

Following last year's publication of our brief Environmental Report 2020, at Aranco we have now embarked on the publication of our **first Sustainability Report for the 2021** financial year, a challenge we have faced with enthusiasm and rigour. In accordance with our commitment to transparency with our stakeholders, we have prepared this document with information that I hope will be of your interest.

Since our founding, more than 30 years ago, Aranco's three strategic axes, caring for our people, our customers and sustainable development have been a force for change in business activity. We are a family business providing packaging services (wrapping machines, stretch films, digital tools and technical assistance) based on innovation, quality, efficiency, optimisation and automation of processes and resources. We help our customers to reduce their economic, social and environmental costs with wrapping machines and digital tools both designed and manufactured by us.

Doing more and doing better with less is, in short, part of our family DNA. Our team is made up of qualified people who carry out their activity in a suitable, safe and comfortable working environment. This translates into the provision of quality services and high added value to our customers, based, as I aforementioned, on a savings, optimisation, better working conditions and sustainability criteria, clearly aligning us with several of the United Nation's 17 Sustainable Development Goals (SDGs).

The traditional stretch film industry has for the past decades focused on bringing as much stretch film as possible into the market. Our business model, perhaps counter-intuitively, has always been rather the opposite: aiming to optimise and reduce our customers' film consumption to the necessary minimum, enough to ensure the quality of the packaging of their palletised goods. In the last decades, with optimisation and saving at the core of our packaging services, we have managed to remove more than 60,000 tonnes of inefficient film from the market.

Acknowledging the former, I think it makes sense for us to give an account on how we manage through our Sustainability Report.

2021 has been a very important year in Aranco, in which we are starting a new era. A relevant event was the inauguration of our new headquarters, located in Massamagrell (Valencia, Spain), in January.

These facilities have been designed and built under the criteria of productivity, wellbeing and respect for the environment, a challenge that is bearing its fruits and that I invite you



In 2021, we invested more than 3 million euros in the design and manufacture of wrapping machines for our Sie Service, a significantly higher figure than in 2020, when the investment was around 2 million.

to discover through our Report.

I am particularly pleased to note that in 2021 we were able to successfully achieve all the objectives of our previous Strategic Plan 2018-2021, despite the difficulties and thanks to the emergency plan implemented in 2020, as a result of the outbreak of the pandemic.

Turnover increased, and in terms of employment, last year, following the trend of previous years, we saw a further increase in our workforce, in this case by more than 12% compared to the previous year.

Furthermore, we are driving the introduction of high-quality stretch films in Spain that incorporate recycled raw materials, and so, during 2021 we have continued to work with leading European partners to develop high performance recycled films.



Gaizka Lara Goiricelaya,
CEO of Aranco.

In our constant commitment to digitalisation, robotisation and process automation, 2021 was also the year in which we began to conceive our new generation wrapping machines, self-guided, more robust and durable, whose prototypes, as always manufactured in Spain by us, are beginning to see the light in 2022 and with which we hope to revolutionise the market. We have the Innovative SME seal, and because of our commitment to innovation, I believe we can say that we are reinventing pallet packaging.

Our number of customers in Spain and Portugal continues to grow year after year, and our objectives for the coming years also include boosting our internationalisation beyond Iberia. An immediate deployment in France (planned for the last quarter of 2022), will be followed by our arrival to several other European markets, in the upcoming years. For us, this is undoubtedly a great challenge for which we are prepared and for which we are particularly excited to take on.

Our main bets for 2022 and beyond are quality stretch films that include more recycled raw materials, more robust and durable wrapping machines, designed and manufactured by us in Spain, and even more optimised and sustainable logistics

to improve delivery times and reduce emissions.

However, 2021 has also been a year of analysis and planning, in which we have designed our new strategic plan 2022/2025, where sustainability, ESG risk management and control have been very present. This makes us face with enthusiasm and optimism an increasingly global, uncertain and competitive immediate future, in which we are witnessing a greater regulation and demand for legal requirements in our activity, both at local and European level. Nonetheless, we understand the former as an opportunity to value our vision of pursuing a transforming business model.

I therefore invite you to read this first Sustainability Report, and I take the

opportunity to express my gratefulness for the work and commitment of those who make Aranco a continuously forward-looking company, capable of helping to build a more efficient and sustainable world. I am proud to be the CEO of this company.

Finally, allow me to dedicate this document to my father, Luis Lara, who founded Aranco more than 30 years ago. My father is no longer with us, but I am sure he will be proud of our achievements and the ambition of the road ahead.

Thank you very much.






Aranco at a glance.

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Committed to service and innovation.

We are a Spanish company specialised in packaging services using connected wrapping machines, high performance stretch films and digital tools for over 30 years.

Our packaging services with wrapping machines without investment for our customers improve packaging quality and increase productivity. In addition, they reduce waste and scrap, following criteria of safety, sustainability, efficiency, savings and confidentiality.

We design and manufacture our own wrapping machines in Spain with our own technology and, together with leading European partners in the sector, we develop high-performance films that offer extraordinary quality performance.



Sie+ Servicio Integral de Enfardado

Integral Wrapping Service

Sod+ Optimización y Datos

Optimisation and Data Service

More than 95% of our customers have renewed their confidence in our services and we have more than 1,500 Aranco wrapping machines installed in hundreds of customers in Spain and Portugal that endorse our service model.



Our Mission

Is to transform the industrial packaging sector by adding value and productivity, improving people's lives and making a positive impact on the environment.

Our Vision

Is to improve our world.

Differential Values

Team Commitment

The union between **commitment, teamwork** and **service**.

Generofidence

Confidence, respect and generosity.

Client Oriented

We dive into the deepest needs and motivations of our customers to offer them unique experiences in our relationships and tailor our offerings from the **Aranco Compromise**.



Vital project

The motivation to work in an **environment of understanding and in line with the reality and life approach** of each one of us.

Curiosity in action

Learning, improvement and **innovation**.

Sustainable business model.

We want to share our vision and sustainable action transparently, with clear data and in an objective way.

For us, it is a long-standing journey, but one that is currently underway and has our sights set on the medium and long term, with concrete projects, actions and results.

We want to demonstrate that business activity exercised with sustainability criteria is compatible with profitability and economic viability.

Out of conviction and responsibility, we believe that it is time to act and commit ourselves to the present and future society.

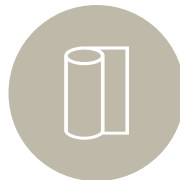
Pillars of the sustainable business model



PLANET. **Regenerative Nature**

We want to make a better future by developing our business model towards circularity and climate neutrality, to preserve and conserve the planet's natural heritage.

- Circularity.
- Climate.
- Natural resources.



PRODUCT. **Transforming services.**

Innovating in more sustainable and profitable solutions that promote the change of production models capable of maximising the generation of economic, social and environmental value.

- Eco-innovation.
- Eco-efficiency.
- Productivity.









PEOPLE. **A fairer society.**

At Aranco, people are at the heart of the business. The conviction is of being a generator of well-being and making society more inclusive, with an eye on future generations.

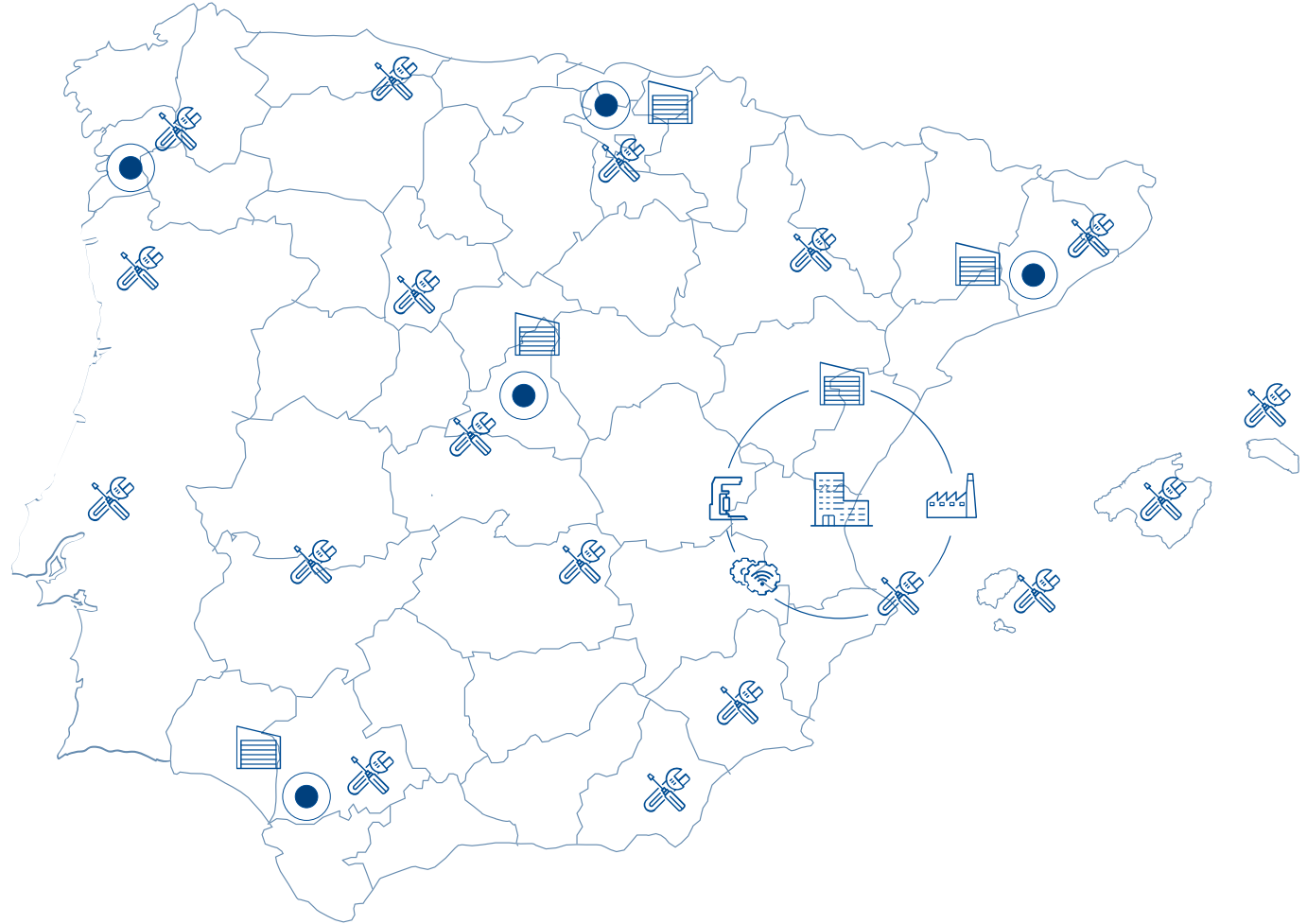
- Ethical management.
- Well-being.
- Future generations.

Where we are

MASSAMAGRELL (VALENCIA)

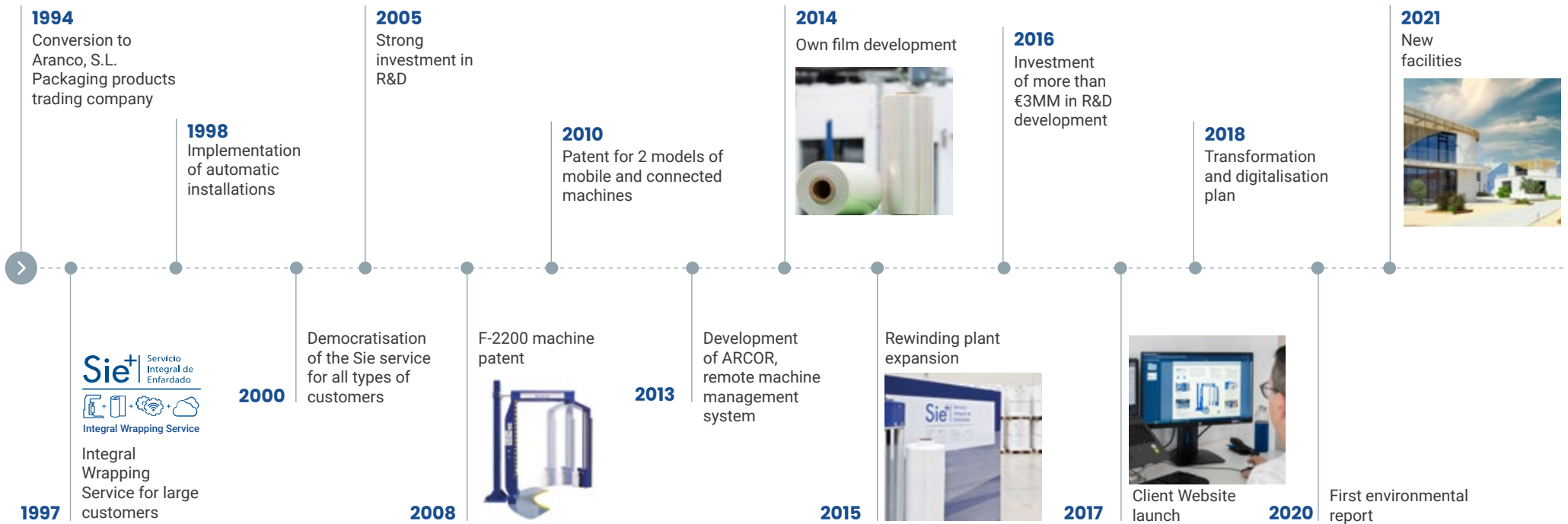
-  Headquarters
-  Technical offices
-  Rewinding plant
-  Wrapping machine manufacturing & repairing center
-  Maintenance center
-  Warehouse

-  **Delegations in:**
 - Catalonia, northern and central regions, Andalusia, Galicia and Portugal.
 - Sales representatives in the area.
 - Logistics warehouses to provide 48/72 hour coverage anywhere in Spain and Portugal.
 - Local technical services.



Our history.

1988 Luis Lara founded Aranco



International presence.

+700
customers

1.600
working machines

24/48
hours face-to-face technical assistance

18
technical services

+30
specialised technicians

+40
employed

9
patents

6.500 m²
of facilities

Our services.

We analyze our customers' needs in order to implement the best solutions for each end-of-line process in a proactive and efficient way.

Types of services

Sie+ Integral Wrapping Service

Sie+ | Servicio Integral de Enfardado

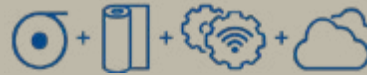


Integral Wrapping Service

We install our wrapping machines at our customers' premises at no cost to them (transfer of use). Our customers do not pay any fees or rentals for the wrapping machines. They only pay for the film they use. This Sie+ service includes, at no additional cost, machine maintenance and access to the Client Website.

Optimisation and Data Service (Sod and Sod+)

Sod+ | Optimización y Datos



Optimisation and Data Service

Customers who contract our Sod or Sod+ services already have their own wrapping machines. We provide optimisation and cost reduction benefits, supply them with high-performance films and access to our Client Website. Furthermore, we provide them with technical assistance with our remote and on-site technicians.



How we work.

Our team of professionals carries out a free analysis consultancy in which we provide customers with a savings report and a workflow optimisation plan.

With the results obtained, we draw up a customised proposal to define which of all the available solutions fits perfectly with the client's needs.



Diagnosis: Free analysis consultancy.



Technical and financial proposal.



Demo.



Agreement.

What our services include.

See our success stories



Business model

With these services the customer does not bear the cost of stock. The customer pays exclusively for the film consumed.

Siet+ Sod. Sod+.



Aranco Connected Wrapping Machines

High-end packaging machines without investment or fees for the customer, without investment or fees. Our wrapping machines are small and compact in size, but big in performance, technology, connectivity, digitalization, efficiency, savings and sustainability.

Siet+.



High performance stretch films

Low micron films with an efficient and reliable hold of goods. Our high performance, high stretch wrapping machines and films form the perfect tandem. Ensuring a substantial reduction in film usage and an average waste reduction of 50%.

Siet+ Sod. Sod+.



Maintenance and support

Maintenance, repairs and technical assistance for wrapping machines. We apply a preventive maintenance plan. The wrapping machines are permanently connected to a remote management centre, in order to identify any type of failure in the shortest possible time and avoid stoppages.

Siet+ Sod+.



Client Website

Online data tool. Beyond your ERP. Our customers have a private space with real-time access to relevant information on their wrapping process, showing economic, productive, technical, administrative and general data.

Siet+ Sod. Sod+.

Value Proposition.

[Consult our catalogue](#)

What value do we add?



Lower costs and higher productivity without investment.

- **Real cost savings: €/m vs €/Kg:**
 1. Free packaging audit: saving report and workflow optimization.
 2. More than 2,500 real savings reports over the last 10 years.
- **More productivity:**
 1. Packaging automation, less manpower and improved wrapping quality.
 2. Increased delivery capacity.
 3. Improvement of working conditions.
 4. Ergonomics and casualty reduction.
- **No investment:**
 1. No investment and no fees: pay-per-use wrapping machines.
 2. Maintenance and parts included.
 3. Payment for film consumption: variability of fixed costs.

More sustainability and less waste.

- **We reduce film waste.**
- **We reduce waste by an average of 50%:**
 1. Reduction of an average of 67% in kg of film.
 2. Reduction of an average of 85% in kg of cardboard of the roll.
 3. For every kg of optimized film we eliminate 2.3 kg of CO₂.
- **New range of sustainable products.**

Emission reductions

1. For every kilo optimized, we eliminate 2.3 kg of CO₂ equivalent.
2. We help you to reduce your carbon footprint.

Digital transformation of the end-of-line.

- **Private Area: Client Website.**
- **Control and knowledge in real time of all your relevant data: economic, productive, technical and administrative.**
- **Information and data beyond your ERP for decision making.**



[Consult our catalogue](#)

Value Proposition.



How do we work?

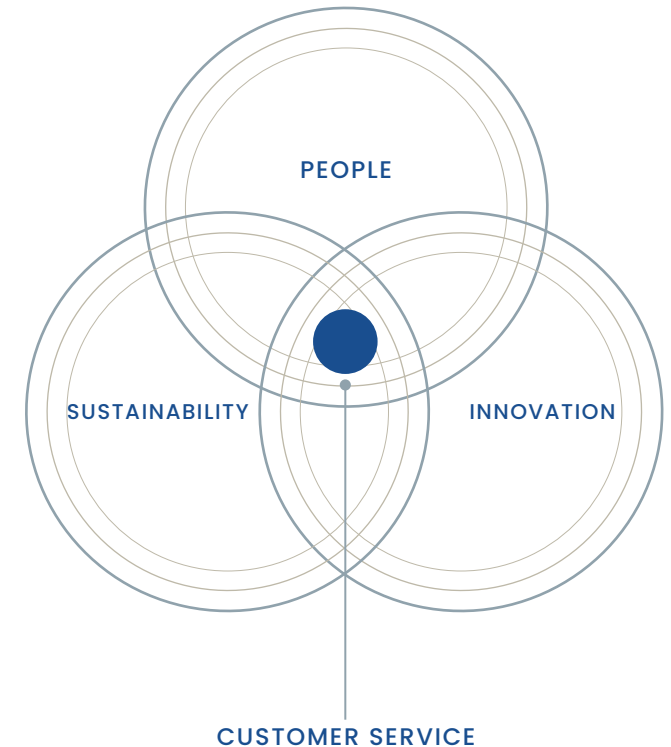
Full service and response.

- Wide range of wrapping machines and films: project a customer's needs.
- Delivery of film within 48/72h in Spain and Portugal.
- Preventive maintenance and assistance plan.
- Technical assistance within a maximum of 24/48 hours.
- Immediate assistance with our online technicians to reduce downtime.

Flexibility and permanent adaptation.

- Continuous implementation of improvements in innovation in wrapping machines and film.
- Adaptation of wrapping machines and film to the changing customer needs.

Aranco culture of service.



[Consult our catalogue](#)

Value Proposition.



Why are we your choice?

Leadership and experience.

- With 30 years of experience and more than 1,500 wrapping machines on the market, we are pioneers in industrial packaging services.
- More than 95% of our customers, leaders in each sector, recommend our services in the end-of-line wrapping process.

Our own technology and innovation.

- We are manufacturers of our wrapping machines with our patents, offering our own state-of-the-art film processing technology.
- Unique and exclusive Aranco wrapping machines.
- Maintenance model with remote assistance.
- Information and control system: Client Website.
- 3D simulator: showing real scenarios.

Free consultancy.

- Personalized proposal for optimization and savings in wrapping processes.
- Industrial demo: Test period with wrapping machines provided by Aranco.
- Follow-up reports.





Our new facilities.



New headquarters.

In 2021 we inaugurated our new headquarters, located in the town of Massamagrell, Valencia. Our new Aranco headquarters are designed to be able to develop new projects and provide capacity for the growth we expect to achieve in the coming years.

The facilities consist of three buildings: the offices building, the auxiliary services building and a large industrial building which houses our warehouse, the film manufacturing plant, the workshops, a laboratory and a showroom.

With the aim of materialising our commitment to sustainable development (planet, people and product) and to be an emblem of our vision of growth and shared value generation, Aranco's facilities have been meticulously designed and built under the strict criterion of productivity, low environmental impact.

All the spaces in the new headquarters are characterised by being spacious and open-plan, where natural light is the protagonist. Another feature is the unification of all departments and production areas, except for the delegation's technical staff and for the territorial sales network. The objective was to enhance the union, coordination and synergies in the design and development of projects.

Technology and connectivity are the other two highlights of the spacious work areas, meeting rooms and spaces, as well as the training and events room. The aim is to promote the use of information technology for meetings, gatherings, and similar events online and mixed.



Empowering wellbeing.



All workstations, both for office and production staff, have been designed to fulfil high ergonomic standards, both in terms of environmental aspects, such as light, noise and temperature, as well as physical aspects, providing the workspaces with ergonomically efficient furniture and work equipment.

The spacious dining room in the auxiliary services building is equipped to provide a meal service for our team. Every day and through an app, each member of the team requests their menu, which offers different alternatives, including vegan and similar, made to promote healthy eating habits where local foods predominate. In addition, our space offers the option of enjoying the food inside the indoor dining room or in the outdoor terrace.

With the aim of promoting physical activity and avoiding a sedentary lifestyle, our team enjoys free access a fully equipped gymnasium, with showers and changing rooms.

In addition to the visual comfort provided by the extensive natural lighting in the three buildings, the new headquarters go a further step towards creating a healthy working environment.



Reducing environmental impact.



The new facilities express Aranco's support towards a green transition.

From the choice of location, the plot's orientation, the building's design, the use of sustainable materials or the prioritisation of the use of non-fossil energy sources, the new facilities express Aranco's support towards a green transition.

Green spaces. The plot of the new headquarters has different landscaped areas with different autochthonous trees, which were there prior to construction and have been respected. For its irrigation, which is carried out by a dripping system, rainwater is used, which is collected through harvesting systems.

Use of sustainable materials. During the building's construction, priority was given to the use of low-maintenance materials, in both interior and exterior spaces. Also, for the building's roofs and sheets operating as a second façade, sustainable materials were used. In both cases rice paste and recycled resins were used, giving our facilities a very peculiar image.

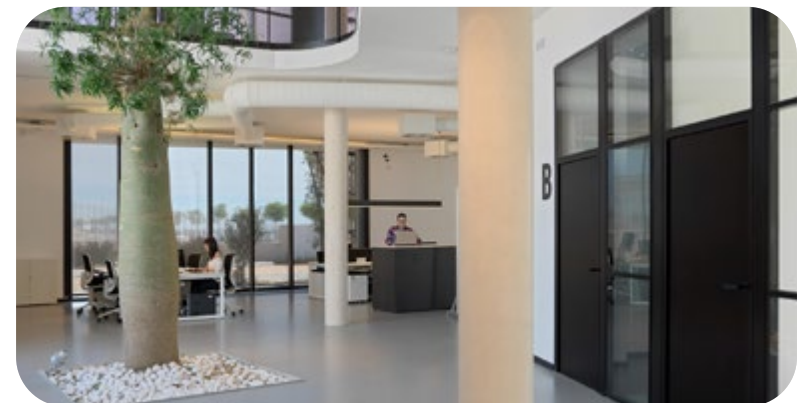
Water efficiency. Despite not being a water-intensive industry, as its use is not included in the production process, different measures have been established to increase its efficiency, such as the installation of aerators in taps and double buttons in toilets, as well as the collection of irrigation rainwater. However, the two most outstanding efforts are our water purification system, that encourages personal consumption in an attempt to avoid the use of water bottles, as well as the use of water in the air conditioning system of the office building.

Finally, a heat pump has been installed to produce hot water for the showers and changing rooms.

The furniture of the spaces has been selected under certified ergonomic and environmental criteria, from a local Valencian furniture company.

Air conditioning. For the office building air conditioning system, which is the most frequently used one, a water-cooling system has been implemented, and therefore does not require the use of refrigerant gases. The auxiliary services building, which is not used on a continuous basis, has an air conditioning system using low-calorific refrigerant gas, but which is distributed through water means.

Moreover, the buildings themselves are designed to make minimum use of air-conditioning systems. Solar control systems have been installed by means of louvres on the façades, as well as CO2 exchange and purification equipment, thermodynamic recovery and partial free cooling, with equipment located on the roofs. This equipment is capable of regulating pressure and flow according to demand.





As for the industrial building, it is worth mentioning its partial excavation, designed intentionally to provide it with a natural thermal insulation, as well as its ventilation system using ventilators and roof extractors.

Electricity consumption. In order to cover the production area's electricity needs, a 100kW photovoltaic plant has been installed. In addition to the predominance of natural light, it is worth highlighting the light control systems, that allows us to regulate the light intensity at each point of the installations (interior and exterior) by means of light and presence sensors. This system also makes possible to register usage profiles and optimise the scenes according to the time of the year's needs.

In addition, the luminaires installed are LED or have low-consumption

technologies, and a recharging area for electric and hybrid cars has been set up in the car park

Waste management. A waste segregation system is in place in all three buildings, being particularly important for the production area. In an attempt to facilitate a waste re-evaluation through our authorised waste managers, a waste management area has been set up.

Noise pollution. In order to minimize the effects of noise in the production work areas, the rewinding facilities have been acoustically isolated.

Energy control. The digitalisation and automatization of the installations allow us to carry out an exhaustive control of consumption, which facilitates the predictive and preventive maintenance of the building, keeping it at its optimum point of efficiency whilst minimising economic and environmental costs.

For this purpose, different control elements and a monitoring platform have been installed in the buildings, helping us monitor:



Thermal energy of the air-conditioning system.



Electric power.



Energy produced by the photovoltaic plant.

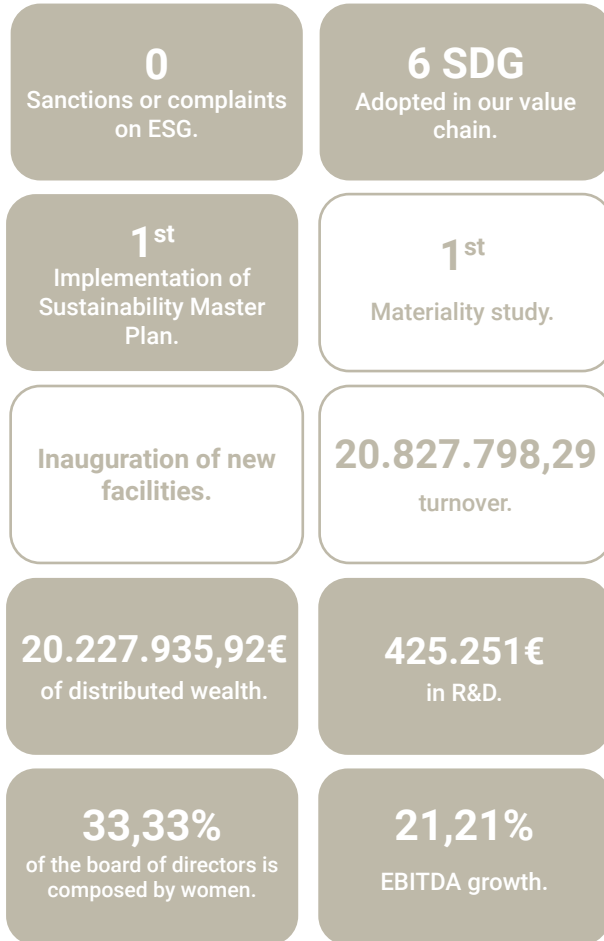


Lighting.

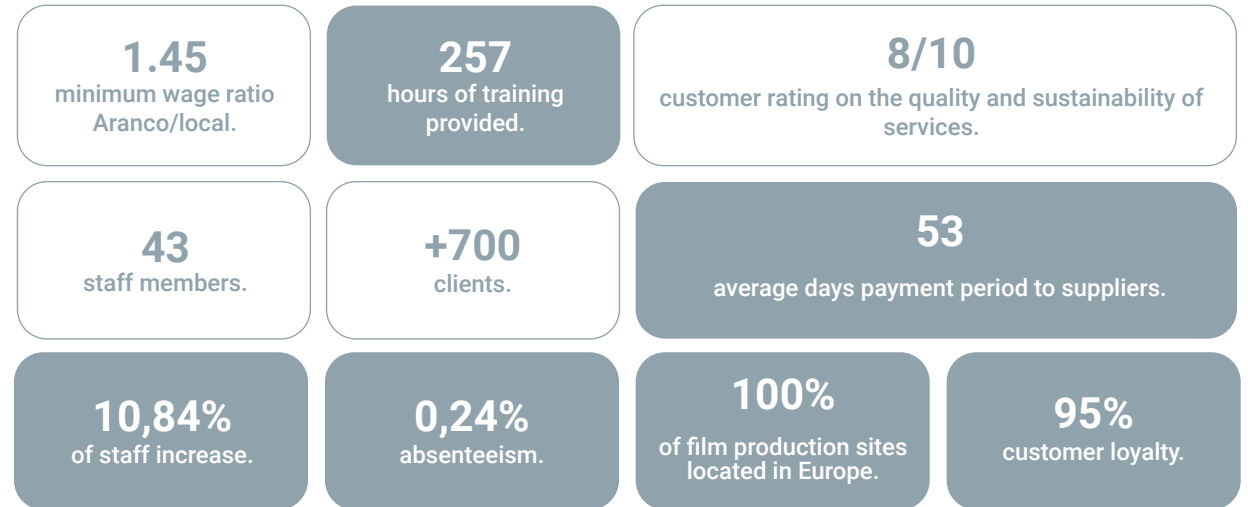


Aranco in 2021.

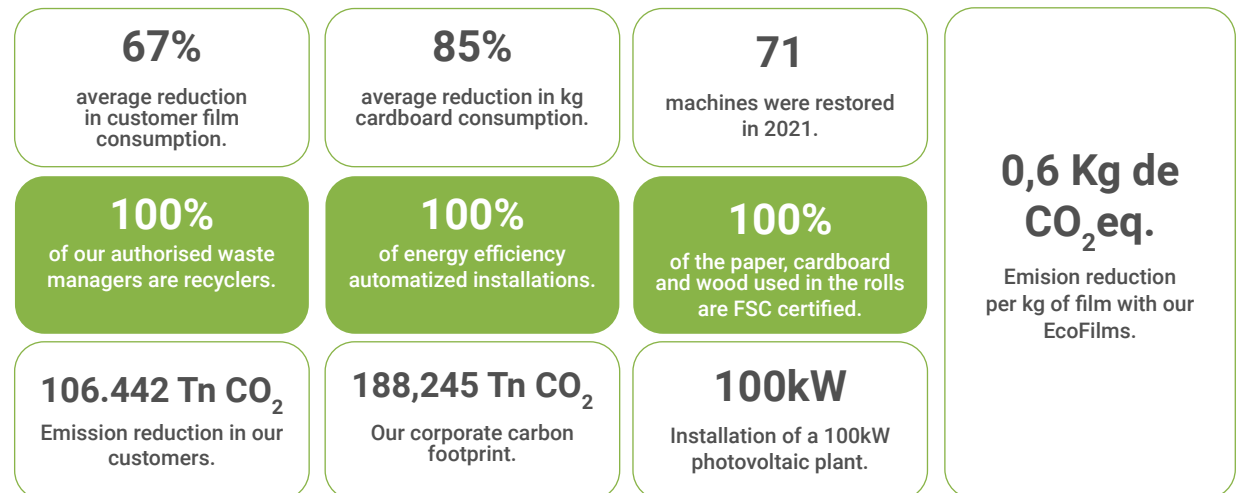
Governance.



Social.



Environmental.





Governance.

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Ethics and good governance.

Since our foundation, at Aranco we have always been very aware that a key to our success is based on carrying out an upright and exemplary management. This culture was initially promoted by our founder, Mr. Luis Lara, and we have maintained it throughout our history. For this reason, our corporate identity is an essential and strategic element that shapes our DNA and is highly valued by our stakeholders.

Our governance model is a sign of our commitment to the professionalisation of the family business model and efficient management, and is based on the following pillars:



1. **Compliance with the law**, commitments to third parties and internal regulations.
2. **Ethical management**, based on the value-based management of our corporate identity.
3. **Adaptation**, maintaining a governance structure capable of adapting to the demands of today's global and uncertain environment.
4. **Professionalisation**, developing a governance model based on business, strategic and sustainable criteria.



Corporate governance model

PRESIDENCY	BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	STEERING COMMITTEE																
Main functions	Main functions	Main functions	Main functions																
<ul style="list-style-type: none"> • Chairing the Board of Directors. • Representing Aranco and its interests. • Ensuring harmony and separation of interests in corporate management. • Controlling the proper functioning and management of the company. 	<ul style="list-style-type: none"> • Defining the strategic lines of action. • Ensuring the correct application of the corporate identity. • Establishing strategic objectives. • Overseeing the CEO's management. 	<ul style="list-style-type: none"> • Managing their areas in line with the corporate identity. • Implementing the necessary actions to achieve the objectives set by the Board of Directors. • Representing the company vis-à-vis third parties. • Supervising the correct management of the different areas of the company. 	<ul style="list-style-type: none"> • Manage their specialisation area in line with corporate identity. • Implementing the necessary actions and measures to achieve established objectives. • Managing their working teams in accordance with the defined talent policy. • Providing new management models and best practices to improve Aranco's productivity and competitiveness. 																
<p><i>The chairmanship of Aranco is agreed by the members of the board of directors and subsequently filed at the public registry. The company is currently chaired by Ms. Kristina Goiricelaya Aranguren.</i></p>	<p>Board of Director's composition</p> <table border="1"> <tr> <td data-bbox="607 895 857 1050"> <p>12 meetings in 2021</p> </td> <td data-bbox="864 895 1113 1050"> <p>100% > 50 years old</p> </td> </tr> <tr> <td colspan="2" data-bbox="607 1054 1113 1166"> <p>3 people 33,33% Women 66,67% Men</p> </td> </tr> <tr> <td data-bbox="607 1171 857 1305"> <p>60% executive directors</p> </td> <td data-bbox="864 1171 1113 1305"> <p>40% proprietary directors</p> </td> </tr> <tr> <td colspan="2" data-bbox="607 1310 1113 1460"> <p>The members of the Board of Directors do not receive any remuneration or payments for the performance of their duties.</p> </td> </tr> </table>	<p>12 meetings in 2021</p>	<p>100% > 50 years old</p>	<p>3 people 33,33% Women 66,67% Men</p>		<p>60% executive directors</p>	<p>40% proprietary directors</p>	<p>The members of the Board of Directors do not receive any remuneration or payments for the performance of their duties.</p>		<p><i>The current CEO is Mr. Gaizka Lara Goiricelaya.</i></p>	<p>Steering Committee's Composition</p> <table border="1"> <tr> <td colspan="2" data-bbox="1632 895 2139 1029"> <p>Monthly meetings</p> </td> </tr> <tr> <td data-bbox="1632 1034 1883 1145"> <p>57,14% > 50 years</p> </td> <td data-bbox="1890 1034 2139 1145"> <p>42,85% 30 to 50 years</p> </td> </tr> <tr> <td colspan="2" data-bbox="1632 1150 2139 1262"> <p>7 persons: 14,29% Women 85,71% Men</p> </td> </tr> <tr> <td colspan="2" data-bbox="1632 1267 2139 1460"> <p>The Steering Committee is composed by the CEO and the Commercial, Finance and Talent, Innovation, Digital and Production Directors.</p> </td> </tr> </table>	<p>Monthly meetings</p>		<p>57,14% > 50 years</p>	<p>42,85% 30 to 50 years</p>	<p>7 persons: 14,29% Women 85,71% Men</p>		<p>The Steering Committee is composed by the CEO and the Commercial, Finance and Talent, Innovation, Digital and Production Directors.</p>	
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Corporate governance model

With the aim of developing a more flexible structure, at Aranco we have implemented a management model by areas, aligning our organisational model with the value chain and achieving a horizontal decision-making and efficient structure, which boosts our productivity and capacity to adapt and innovate.



CEO

Sales and Marketing Director

Finance and Accounting

Digital

Production

Warehouse

Innovation and Projects

Marketing

Orders

People and Talent

Purchasing and procurement

Sustainability

Business Development

Commercial

Technical support

Ethical management: anticorruption.

In accordance with our culture of compliance, at Aranco we have established different protocols and internal controls, which aim to guarantee management based on compliance with the law and the prevention of fraud, corruption and crime.

Trust and transparency when dealing with stakeholders is a conviction we have and which is also in line with the values that characterise us, demonstrating our desire to establish relationships with third parties based on compliance and ethics. For this reason, we have implemented actions aimed at preventing and mitigating the risks of committing fraudulent acts or acts contrary to legislation and internal regulations, especially those related to financial and tax engineering, for which we highlight the following countering actions:

- Auditing the accounts by independent third parties with the subsequent public registration.
- Avoiding tax haven localised banks.
- Paying our taxes in Spain.
- Using digital or documented means of collection and payment, which facilitate traceability.
- Rejecting any payments or bribing from or by public officials, customers or suppliers.
- No direct nor indirect funding of political parties, candidacies or similar.
- Requesting supplier's documentation prior to the making of payments.
- Multi-faceted measures on financial and fiscal management.
- Authorisation-based internal system for bank account use, for authorised internal staff.

In 2021, Aranco received no sanctions nor complaints in relation to tax matters, money laundering, financing of terrorism nor corruption with public administrations nor third parties.

Management areas with controls and protocol compliance:



Quality and safety of products and services.



Relationship management with business partners, collaborators and other third parties.



Finance and taxation.



Human and labour rights.



Occupational health and safety.



Environmental management.



Personnel management.



Non-interference with public administrations.

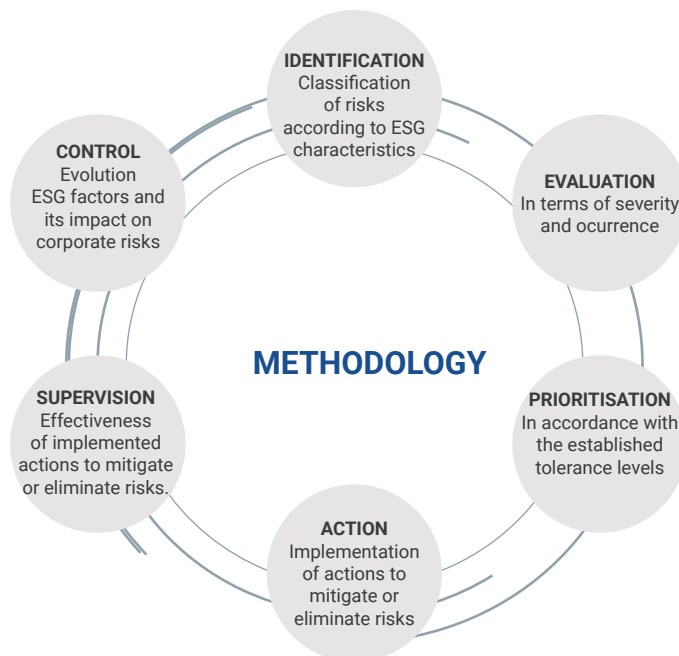
TARGET

In line with our desire to strengthen and raise the profile of our culture of compliance and ethical management, and as a result of the design of our Sustainability Master Plan, we have begun to implement the corporate model of regulatory compliance and prevention of criminal offences, which is being developed in accordance with Spanish legislation and international compliance best practices.

ESG risk monitoring and management.

The management and control of the different risks to which a company is subject is a decisive factor in the success and achievement of strategic objectives. The current business, economic and social context is characterised by globalisation, uncertainty and volatility of the markets.

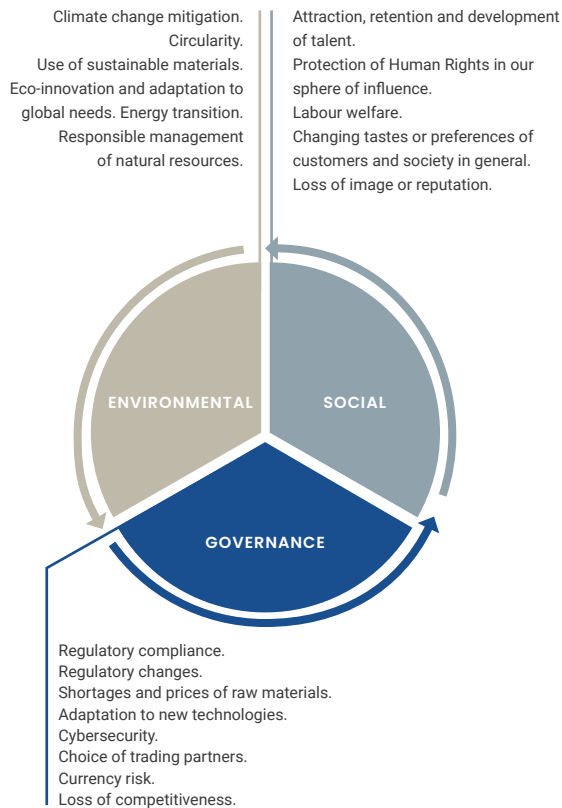
At Aranco, we are aware that efficiently managing the financial and non-financial risks of our organisation is a strategic element. Therefore, during the process of preparing the Sustainability Master Plan, we carried out an analysis of the environmental, social and governance risks (hereinafter "ESG risks") to which we are subject, with the aim of implementing action plans to mitigate or eliminate them, and to continue evolving our sustainable business model.



Structure of the risks analysed:

- **Strategic risks.** Related to the environment of the markets in which we operate or interact with.
 - change, cybersecurity, and the efficient use of information systems.
- **Compliance risks.** Associated with breaches of the law, agreements with third parties or our internal regulations.
- **Financial risks.** Linked to our economic and financial management, taxation and events in our sector that may jeopardise our viability or growth.
- **Governance risks.** Related to corporate governance and application of due diligence.
- **Operational risks.** Linked to our production processes and the provision of services.
- **Geopolitical risks.** These arise from the deterioration of the national and international political situation and local or supranational military conflicts, leading to regulatory changes, market volatility and the like.
- **Technological risks and cybersecurity.** Those related to technological evolution and
 - change, cybersecurity, and the efficient use of information systems.
- **Reporting risks.** Derived from the accountability of our sustainable and ESG management to stakeholders.
- **Environmental risks.** Conditions caused by human interaction with the environment, resulting in extreme weather events, natural catastrophes, loss of biodiversity and depletion of natural resources.
- **Social risks.** Derived from changing socio-economic trends, demographic changes, changes in labour force demands and loss of social rights.
- **Reputational risks.** Linked to our loss of image or reputation.

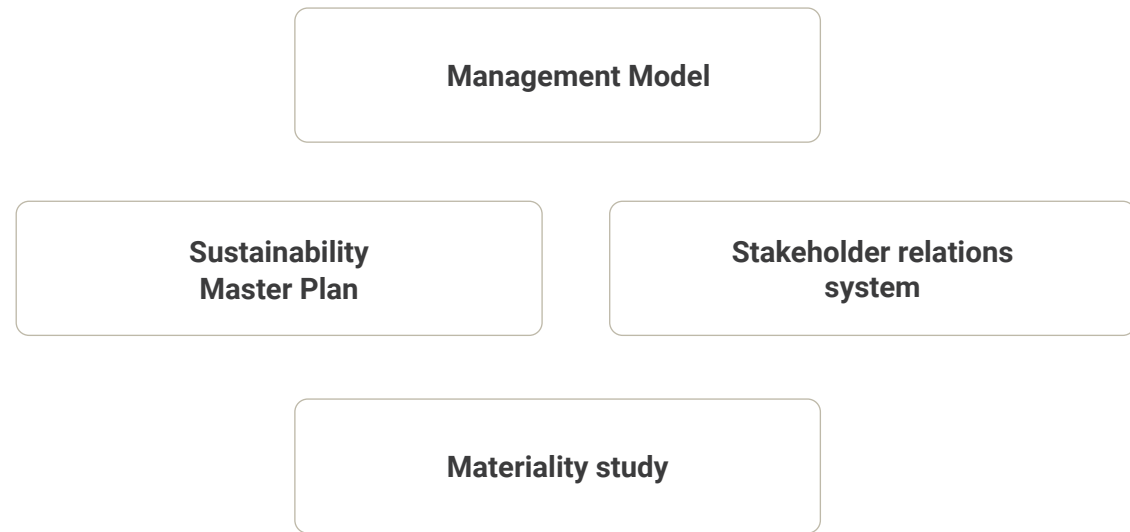
Main ESG risks identified , which may impede the achievement of strategic objectives set out in our Sustainability Master Plan.



Sustainability system and strategy. Management system

In line with our firm’s commitment to further enhance the development of our sustainable business model, we have implemented a Strategic Sustainability Management System, based on the recommendations of the Global Reporting Initiative (hereinafter “GRI”) guidelines .

Essential elements of a corporate strategic sustainability management system.



TARGET

To document and publish our sustainability policy, with the aim of completing the system’s essential elements.

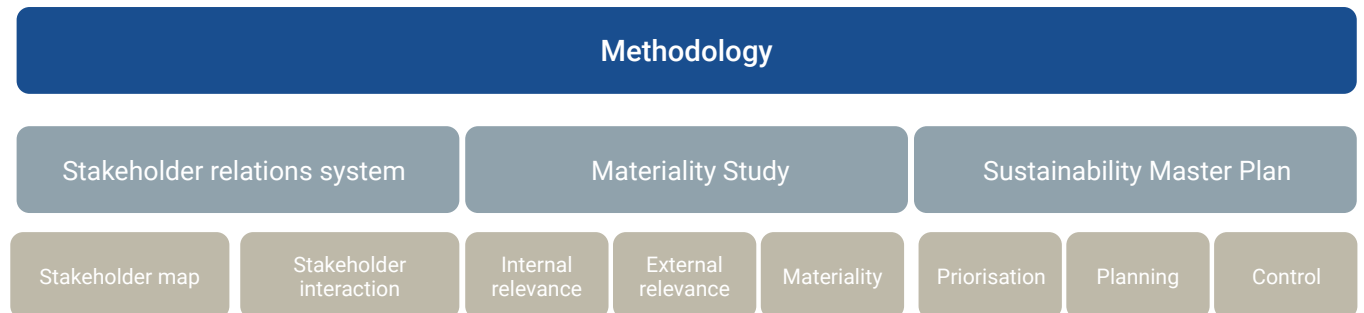
Management model

In order to ensure an effective management of the model, we have implemented a formal management structure, incorporating new bodies to those already formalised and establishing a coherent separation of responsibilities. All in accordance with sustainable management's best practices.



PRESIDENCY	<ul style="list-style-type: none"> • Approves the sustainability policy. • Ensures the proper performance of the accountability management system.
BOARD OF DIRECTORS	<ul style="list-style-type: none"> • Approves ESG and sustainability reporting. • Approves the Sustainability Master Plan. • Monitors the effectiveness of the sustainability management system.
CEO	<ul style="list-style-type: none"> • Provides the necessary resources for the good performance of the management system. • Oversees ESG and sustainability reporting. • Ensures compliance with established objectives.
COMMITTEE ON SUSTAINABILITY AND CSR	<ul style="list-style-type: none"> • Proposes and supervises the management system. • Approves the system of interaction with stakeholders. • Determines internal relevance and analyses stakeholder information. • Advises and proposes to the Board of Directors on sustainability issues. • Proposes improvements to ESG and sustainability reporting.
RESPONSIBLE FOR SUSTAINABILITY	<ul style="list-style-type: none"> • Designs the Sustainability Master Plan together with the Sustainability Committee. • Proposes improvements to the management system. • Supervises and controls the correct implementation of the Sustainability Master Plan. • Implements the stakeholder management system. • Prepares or supervises the preparation of ESG and sustainability reports.

Methodology

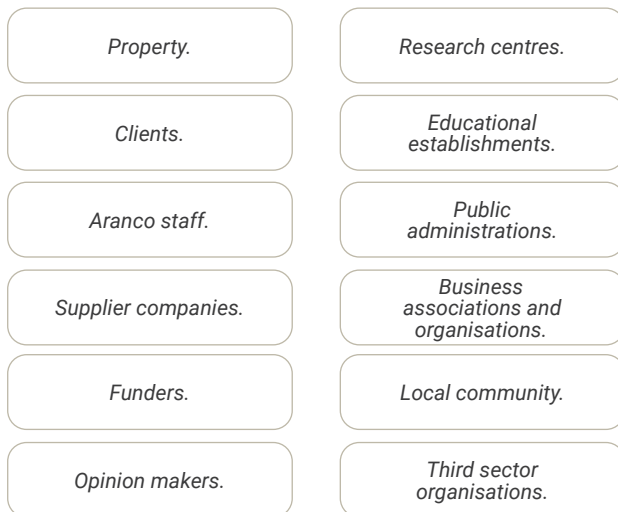


Stakeholder relations system

The purpose of the interaction system with stakeholders is to strengthen our competitiveness. We do this by identifying, segmenting and prioritising stakeholders, further designing a systematic interaction and structure, that allows us to know their needs, expectations and demands and consequently helping us to define our actions in our value chain.

To this end, we have implemented a systematic and structured dialogue system, in which we have selected the most efficient channels of communication and different interaction tools, including surveys, interviews and the like.

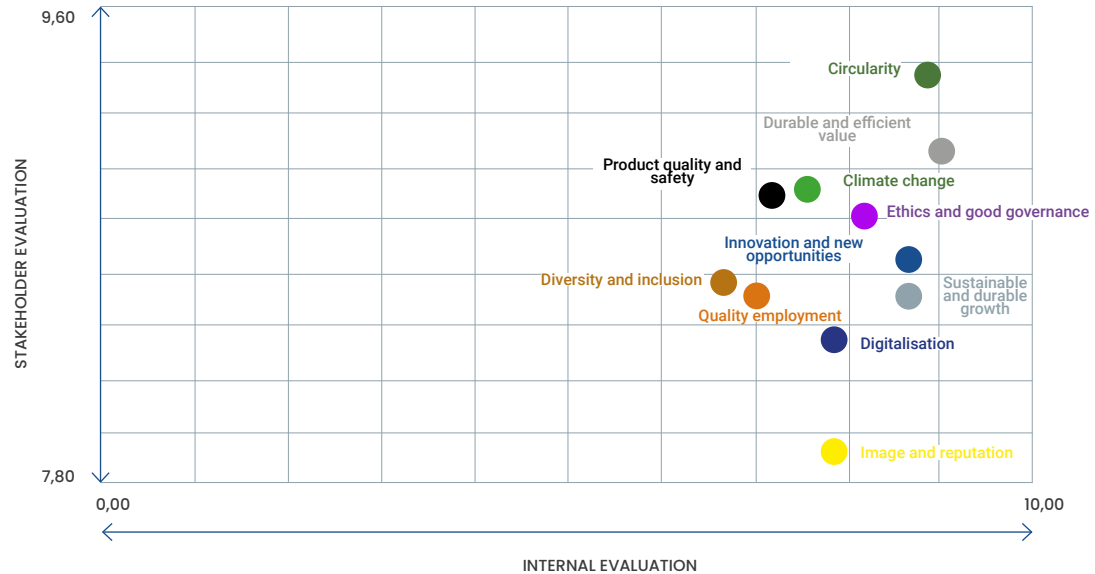
Map of interest groups:



Materiality study

In the 2021 financial year we have conducted our first materiality study, which has been carried out in accordance to the GRI benchmarking standard guidelines, whereby we have identified the internal and external relevance of our materiality.

Aranco's Materiality Matrix 2021



ASPECT	SCOPE	IMPACT	IMPLICATION
Quality employment.	To establish working conditions and talent management that maintain a high level of team satisfaction and motivation.	Both	Direct
Efficient and sustainable value chain.	To maintain an efficient and evaluated value chain, in which its environmental impacts are assessed and social.	Both	Both
Ethics and good governance.	To develop exemplary business management, based on excellence and regulatory compliance.	Both	Direct
Climate change.	To develop business activities by reducing or eliminating greenhouse gases, which cause global warming.	Both	Both
Diversity and inclusion.	To perform personnel management based on equal opportunities and non-discrimination, developing an inclusive and diverse model.	Internal	Direct
Circular Economy	To design and produce products that minimise waste production and facilitate waste management based on the efficiency of sustainable materials, allowing their revaluation.	Both	Both
Product quality and safety.	To maintain high quality and service standards for our products, allowing us to differentiate ourselves and guarantee high levels of customer satisfaction.	Both	Both
Sustainable and surable growth.	To promote a business model based on sustainability, which allows for sustained growth over time.	Internal	Both
Image and reputation.	To maintain a good reputation and a differential brand image, based on corporate culture and values.	Both	Both
Innovation and new business opportunities.	To identify new business opportunities, as well as develop a culture of innovation, that make the company more competitive.	Both	Both
Digitalisation.	To promote the technological evolution and automation of information systems, which improve the efficiency of operational processes, production and services, increasing Aranco's competitiveness.	Both	Both

* **Impact:** Indicates where the effects of the aspect occur, which can be internal, within the organisation, external when it occurs outside the organisation, or both when the impact occurs both internally and externally.

* **Implication:** This shows the involvement of the organisation in the production of the impacts of the aspect, which can be direct, in the case that the company itself is the one that produces the impacts, or indirect when it is produced by its business relations as supplier companies, or both when it is produced by the company itself and through its business relations.

Sustainability strategy

In the financial year 2021 we have designed our strategic plan, with a 4-year time horizon.

In order to integrate the sustainability strategy within it, we have drawn up our first Sustainability Master Plan (hereinafter referred to as “SMP 22/25”), which has then been integrated into the corporate strategic plan.



SMP 22/25

For the elaboration, we used different methodologies:

Materiality Study

Inclusion of stakeholder's **views and needs**.

ESG risks

Integration of the **ESG risk mitigation and elimination vision**.

Adoption of SDGs

Orientation of the challenges and alignment with the **global sustainability strategy**.

Balanced scored

Efficient definition of action plans: actions, objectives, planning and KPIs.

2030 Agenda: adoption of SDGs

At Aranco we are aware that our commitment to sustainable development must be aligned with global challenges. The Sustainable Development Goals (hereinafter “SDGs”) are a guide for all actors in society: public administrations, citizens, companies, etc., to join forces and create a more sustainable society.

For this reason, and with the aim of orienting our strategy, actions and business model towards global sustainability, we are committed to:

- Make an SDG adoption in accordance with the recommendations established by the United Nations.
- Implement SDGs transversally, both in our strategy and management.
- Adopt those SDGs that are related to our value chain impacts.
- Quantify our contribution through appropriate KPI's.
- Communicate regularly and truthfully about our performance and contribution to all our stakeholders.

Methodology:

- Analyse the impacts of our value chain and identify the SDGs to which we make a direct contribution to (strategic SDGs).
- Analyse our management models, to identify the SDGs that can guide us in establishing models aligned with sustainability management's best practices.
- Identify the specific targets of the adopted SDGs.
- Define new actions and improvements to align our strategy and management with the SDGs.
- Establish KPIs, which facilitate the understanding and measurement of our performance.











Results



Strategic SDGs: we make a direct contribution to strategic SDGs through the impacts of our value chain.



SDG management: we adopted at the management level.

SDG		TARGET	ADOPTION
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	4.4 Increased employability skills.	Strategic
		4.7 Promote global education for sustainable development.	Management
	Achieve gender equality and empower all women and girls.	5.5 Ensure women's full participation and equal opportunities.	Management
	Ensure access to affordable, reliable, sustainable and modern energy for all.	7.2 Increase of renewable energies.	Strategic
		7.3 Double the energy efficiency rate.	Management
	Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.	8.1 Maintain economic growth.	Strategic
		8.2 Raise productivity through diversification, technology and innovation.	Strategic
		8.3 Promotion of small and medium-sized enterprises.	Strategic
		8.4 Improve efficient and respectful production and consumption.	Strategic
		8.5 Achieve full employment and decent work.	Strategic
		8.6 Reduction in the number of young people out of work and out of school.	Management
		8.7 Eradicate slavery, trafficking and child labor.	Management
		8.8 Protection of labor rights and safe working conditions.	Management
	Develop resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.	9.2 Promotion of inclusive and sustainable industry.	Strategic
		9.5 Increase scientific research, technological capacity.	Strategic
	Reduce inequalities between and within countries.	10.3 Guarantee equal opportunities.	Management
	Ensure sustainable consumption and production patterns.	12.5 Prevention, reduction, recycling, and reuse of waste.	Strategic
		12.6 Adoption of sustainable practices in companies.	Strategic
	Take urgent measures to combat climate change and its effects.	13.2 Incorporate climate change into national policies, strategies and plans.	Strategic
	Protect, restore and promote the sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss.	15.2 Sustainable Forest management.	Management
		15.5 Measures against biodiversity degradation and loss.	Management
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels.	16.2 Eradication of child abuse, trafficking and exploitation.	Management
		16.5 Corruption and bribery reduction.	Management
		16.6 Creation of effective and transparent institutions.	Management
		16.10 Access to information and fundamental freedoms.	Management

Balanced scored

In order to define the SMP 22/25, we have implemented the balanced scorecard methodology, by which we have defined the mission of the project, as well as its actions, priorities and metrics to evaluate the performance and achievement of the set goals.

Main objectives of the SMP 22/25:

1. **Enhance** the sustainable management of the business model.
2. **Consolidate and acquire** new competitive advantages based on the sustainability of our activities, products and services.
3. **Define and communicate** our key ESG commitments.
4. **Increase** stakeholder engagement by improving our communication of ESG performance, in particular the impacts of our products and services.
5. **Adapt and anticipate** to environmental and social regulatory requirements.
6. **Strengthening** internationalisation.

Structure of the SMP 22/25:



ESG Framework of the Aranco SMP 22/25.



Value generation.

Growth

In 2021 we have continued to consolidate our growth. Despite the economic, social and health effects of the covid-19, Aranco maintained its pace of investment and growth, allowing us to continue increasing our activity and with it, our yearly profit.

MAIN FINANCIAL FIGURES	2019	2020	2021	VARIATION %
Turnover	15.523.087,84€	16.320.534,67€	20.827.798,98€	34,17%
Turnover growth	10,08%	5,14%	27,62%	-
EBITDA	3.181.752,86€	3.534.059,90€	4.283.632,28€	34,63%
EBITDA growth	10,9%	11,07%	21,21%	-
Fixed assets	10.052.935,16€	12.554.445,52€	14.055.368,77€	39,81%
Equity	5.478.935,64€	6.439.190,62€	7.545.981,02 €	37,73%

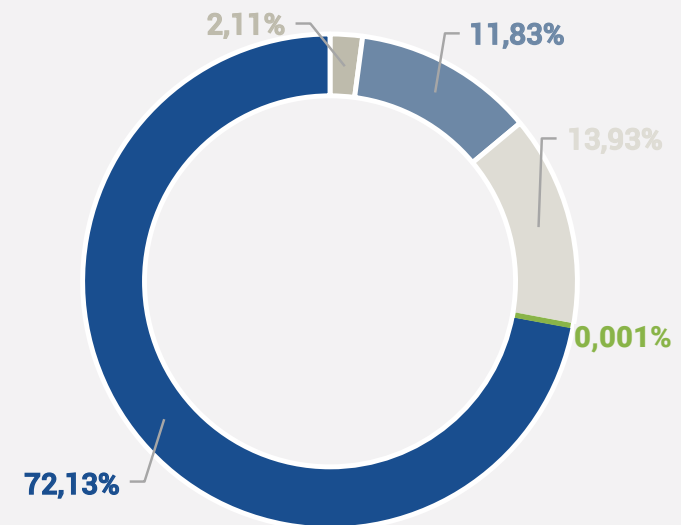
Social cash flow

At Aranco we are aware that one of our main sources of impact generation and shared value is determined by the performance of our activities and their generation and consequent wealth distribution among the stakeholders involved in our value chain.

SOCIAL CASH FLOW	2021
Economic value generated	20.848.007,56€
Economic value distributed	20.227.935,92€
Retained economic value	620.071,64€

COMPOSITION OF ECONOMIC VALUE DISTRIBUTED	2021
Payments to capital providers	427.329,07
Salaries and employee benefits	2.393.802,37
Public administrations	2.816.841,58
Investments in the community	270,00
Operational costs	14.589.692,90

Percentage distribution of the economic value distributed



- Payments to capital suppliers
- Salaries and employee benefits
- Public administrations
- Community investments
- Operational costs



Social.

- 40 Talent management
- 49 Protection of Human Rights
- 51 Responsible sourcing
- 53 Service culture
- 56 Contribution to the environment



Talent management.

The constant development of our talent is a strategic pillar of our business model.

Currently, the labour market demands a talent management that is in line with the business project and that cares for people. These are all essential elements that configure a high-quality and attractive job offer.

For this reason, our Talent and People Management area works every day to implement policies and actions that seek to maintain high satisfaction and motivation standards within our people, as we consider the driving force behind our competitiveness.

1,45 *corporate/local minimum wage ratio*

ATARI

The use of information technology is an essential element in our talent management. ATARI is our intranet, a space designed to facilitate the internal management of our staff, as well as a tool for consultation and information through which relevant news, reminders, information on the status of projects and the like are channelled.

Essential elements of our talent management:

ARANCO WITH PURPOSE

We are much more than a company, we are an organization with a transformative purpose, based on innovation and sustainability, where people are at the heart of the business and our team can develop a vital project of personal and professional growth.

CARING FOR PEOPLE

We have developed a talent management system based on absolute respect for people and their rights, establishing decent working conditions based on compliance with the law. This commitment extends to our entire sphere of influence, which is why we collaborate with business partners who share our vision and philosophy.

WORK CLIMATE

One of our main signs of identity, as a family business, is the closeness and respect for people, values that promote a working environment of trust and commitment, carrying out a professional and human management.

PARTICIPATION

With the aim of promoting participation and involvement of people, we maintain a horizontal structure, managed by areas and oriented towards collaboration and development of transversal projects, favorizing the global vision of the people in the team. Furthermore, through our stakeholder management system, we involve everyone on the team in the design of the strategy.

CROSS-CUTTING COMMUNICATION

We have set up different internal communication channels and media, through which we inform and interact with the team, keeping them up to date with events, project status, company situation and news. Our ATARI intranet is one of the main channels of information and communication used.

COMPETITIVE CONDITIONS

Our remuneration system is based on the applicable collective bargaining agreements, defining a system of salary bands according to the categorization of jobs. This system is based on objective criteria of performance of responsibilities and achievement of objectives, which guarantees both internal and external equity. It should be noted that our remuneration system is higher than that established in the collective agreements.

Profile of Aranco

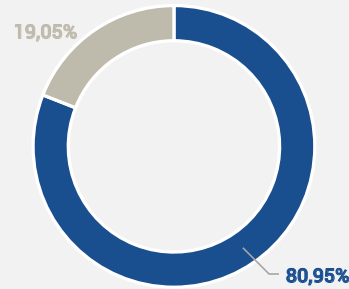
43
total staff.

1,21%
turnover rate.

10,84%
increase in staff.

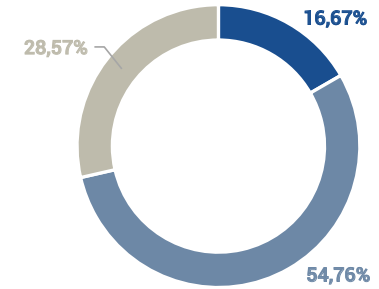


Percentage distribution of the workforce by gender



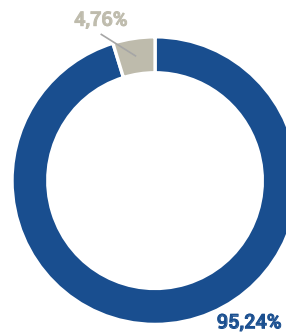
● Men ● Women

Percentage distribution of staff by age



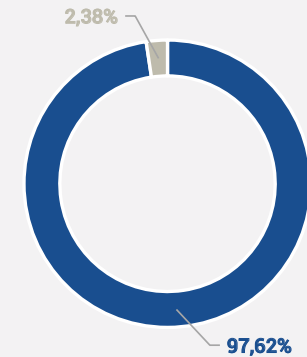
● < 30 ● 30 - 50 ● > 50

Workforce distribution by type of workday



● Fulltime ● Parttime

Workforce distribution by contract type

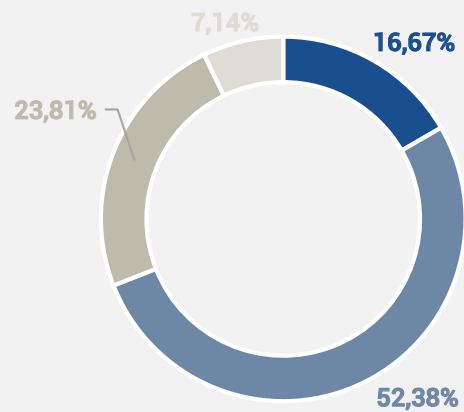


● Fixed ● Temporary

Profile of Aranco

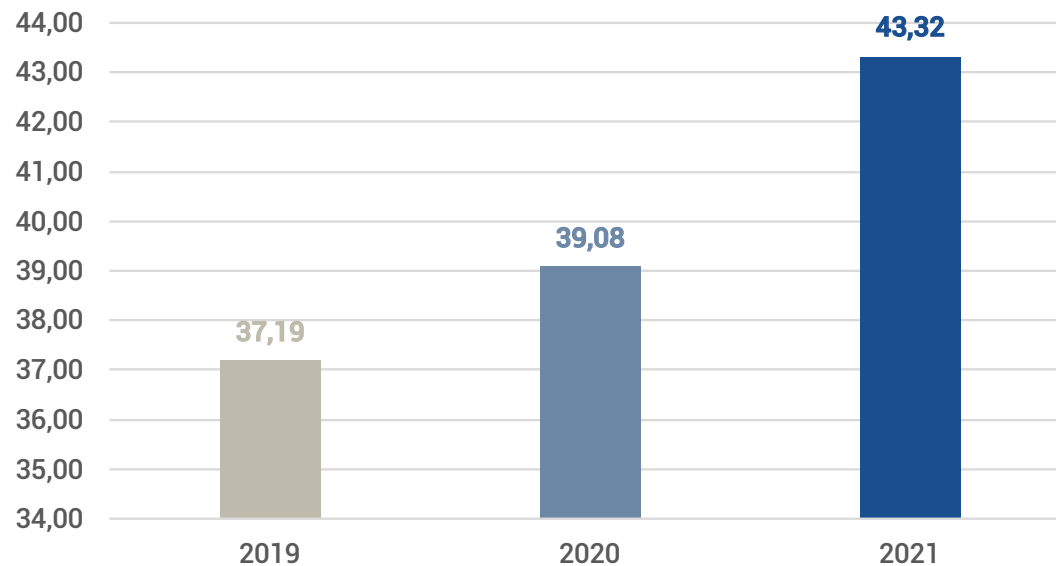


Staff distribution by area



● Commercial ● Technical ● Administrative ● Management

Evolution of the average workforce



Health and well-being

Our occupational health and safety policies include a firm commitment to developing a safe and healthy working environment, both for our people and for our collaborators. This commitment is a strategic priority, which aims to prevent and correct the causes that may lead to risks to their health and safety.

Pillars of occupational health and safety management:

- Compliance with the law.
- Protection of people, both Aranco's people, as well as those of our collaborators, suppliers and any other person with whom we interact.
- Integration of occupational health and safety management into our overall management in a cross-cutting manner.
- Consolidate a preventive culture in occupational risk management.
- Systematically assess and manage hazards to mitigate or eliminate occupational risks.
- Prioritise people's well-being by creating a healthy working environment.

Occupational health and safety management is carried out by our People and Talent Area, in collaboration with an external prevention service, which assumes all the specialities of the system, advises us and updates us on new legislation and best management practices.

Our preventive activity is composed of the following essential elements:

Occupational Risk Assessment.

Incident and emergency management.

Training, information and awareness-raising programmes.

Provision and adequacy of personal protective equipment.

Health surveillance.

Emergency management.

Coordination of business activities.

Maternity protection.



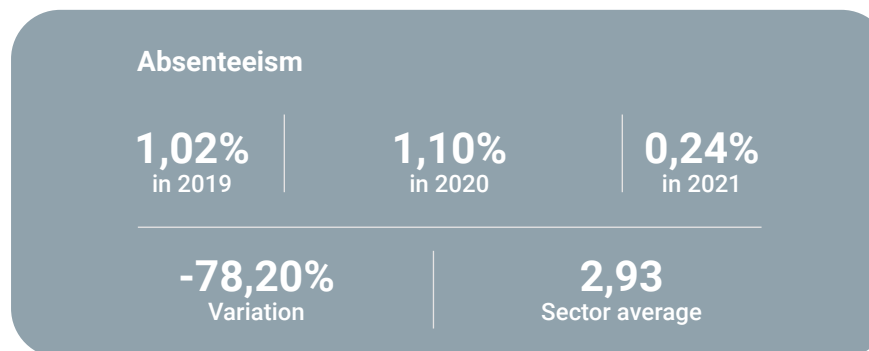
Health and well-being

In the 2021 financial year, on the inauguration of the new facilities, a new evaluation of all our preventive posts was carried out, reflecting the ergonomic and comfort criteria used in the design of the new headquarters.

2021	WOMEN	MEN
Minor accidents at work	0	2
Serious accidents at work	0	0
Very serious accidents at work	0	0
Fatal accidents	0	0
Occupational diseases	0	0

**Both work accidents were on mission (commuting to work).*

	2019	2020	2021
Accidents at work	1	1	2
Occupational diseases	0	0	0
Investment in occupational health and safety	4.414,30€	12.934,38€	12.881,29€



Our commitment to keeping people at the centre of our business model implies going beyond mere compliance with the law and carrying out actions related to occupational health, trying to carry out actions aimed at developing a healthy working environment that enhances the well-being of the team.

In this sense, we are developing different actions, aimed at promoting healthy lifestyle habits, that facilitate the balance of physical and mental health:

- Promoting healthy eating.
- Promoting physical activity and avoiding sedentary lifestyles.
- Through health care.
- Through reconciliation of work, social and family life.
- Informing and raising awareness about health care.

Corporate Dining room

With the aim of promoting healthy eating, our new facilities have a dining room equipped with an industrial kitchen. This space is designed as a meeting place for informal daily meals, which are free of charge for the staff and where an external catering company, provides our team with different menu options daily, designed to promote healthy eating, which also offers vegan and similar options.

Gym

We also have a fully equipped gym on the premises, free of charge. The practice of sport and physical activity is an essential element to maintain a balance of body and mind.

At Aranco we want to facilitate and promote an energetic and healthy team, as well as provide other benefits and advantages to our staff, which demonstrate our commitment to caring for people.

Cardio vascularly protected company

Cardiovascular diseases are one of the main causes of illness and

death today. Together with other initiatives aiming to prevent diseases of the circulatory system, such as eliminating stress, promoting a healthy diet and preventing a sedentary lifestyle, we want our work centre to be an ally in reducing the exposure of our people to cardiovascular diseases.

In addition, we have installed a device for defibrillation and several members of the team have received training in the use of the AED so that we can act and apply a series of actions known as the "chain of survival" in the first 5 minutes:

recognising the situation, activating the health emergency system and urgently starting basic life support manoeuvres and early electrical defibrillation.



At Aranco, the coordination of business activities is of vital importance in our occupational health and safety management system. Given the nature of our business activities and in-house services, we receive visits or carry out interventions at our clients' facilities. The digitalisation of our management system and its documentary support facilitate the justification of documentary requirements for compliance with our occupational risk prevention system.

Training and development

Maintaining talent as one of our main competitive advantages requires efficient training management, with the aim of incorporating new management approaches, work methodologies, developing professional skills, as well as trying to adapt and anticipate new trends and regulatory changes, to stay at the forefront of our sector and enhance our capacity for innovation and competitiveness.

For this reason, a training plan is designed annually, which includes the training needs and demands of the staff, structured as follows:

- **Compulsory training.** This training consists of training actions that respond to legal requirements, such as occupational risk prevention, regulatory compliance and the like.
- **Planned training.** Composed of the training needs identified by the heads of the different areas and which are agreed with the People and Talent Area.
- **Unplanned training.** These are training actions carried out throughout the year, which arise due

to unforeseen circumstances, such as legislative changes, promotions or staff promotions, integration of new management or information systems, prospecting for new markets or similar.

Themes of the 2021 training plan:

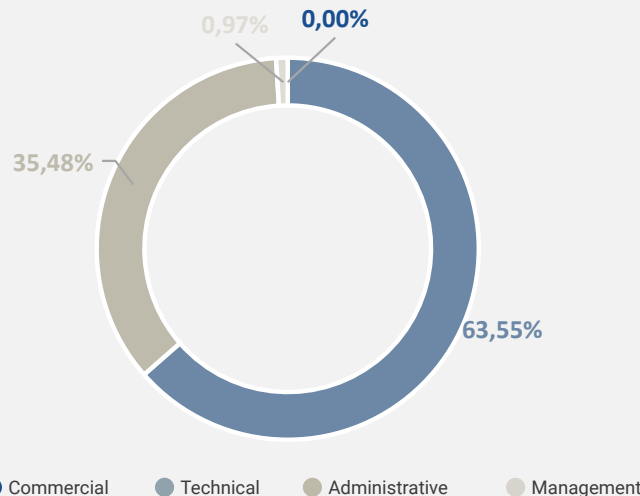
- Technical training.
- Regulatory compliance.
- Occupational health and safety.
- Competence development.

- Languages.
- Sustainability management.

In order to evaluate the quality of the training received, the trainees complete a questionnaire on the quality of the training after each training session.

In addition, the hierarchical superiors of the trainees are in charge of evaluating the application of the acquired knowledge and the improvement of the performance of responsibilities after the training and help us to improve future training plans.

Distribution of training hours by area



TRAINING PLAN 2021

Total persons trained	15
Total women trained	3
Total men trained	12
Total training hours	257
Total training hours women	51
Total training hours men	206
Total training actions	18
Total training actions for women	3
Total training actions men	15
Average number of training hours per pers.	6,11
Average number of training hours women	6,38
Average hours of training men	6,04
Investment in training	3.643,48€

Equality and diversity

In accordance with our cross-cutting principles of equal opportunities in access, training and development of talent, as well as non-discrimination, we carry out personnel management based on objective criteria and restraint of actions that could give rise to discrimination on the basis of gender, generational, nationality, sexual orientation or any other aspect that could constitute a violation of the principle of equality.

The diversity of our talent is essential to develop and strengthen creative and innovative work teams. For this reason, in the 2021 financial year and with the aim of carrying out management in accordance with due diligence in terms of equal opportunities, we have begun the implementation of our 1st Equality Plan.

TARGET

To implement Aranco's First Equality Plan 2022.

Our equality plan is being developed in accordance with Spanish regulations, its main features being:

- Establishment of a joint equality committee with representation from our staff and management team.
- Official registration of the plan.
- Appointment of an equality officer to ensure the correct performance of the management system and the effectiveness of the equality plan.
- Implementation of a protocol on sexual harassment at the workplace, which will establish guarantees of confidentiality and absence of reprisals, for bona fide informants.

- Application of a disciplinary regime, in accordance with the sanctioning system established in the applicable collective bargaining agreement.

The equality plan will contain different actions in the following areas:

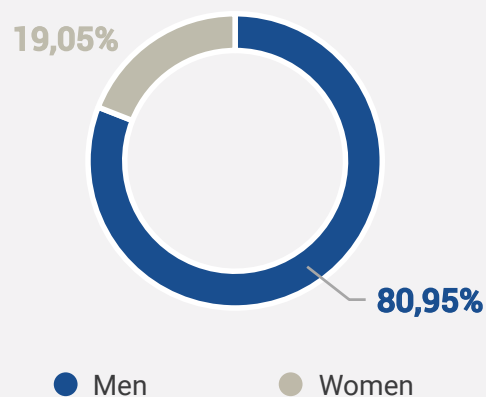
- Commitment to equality.
- Access to employment: selection and recruitment.
- Occupational classification, career advancement and training.
- Remuneration.
- Exercise of rights to reconcile personal, family and working life.

- Occupational health and sexual and gender-based harassment.
- Protection from gender-based violence.
- Protection of LGTBIQ+ groups.
- Inclusive communication and use of non-sexist language.

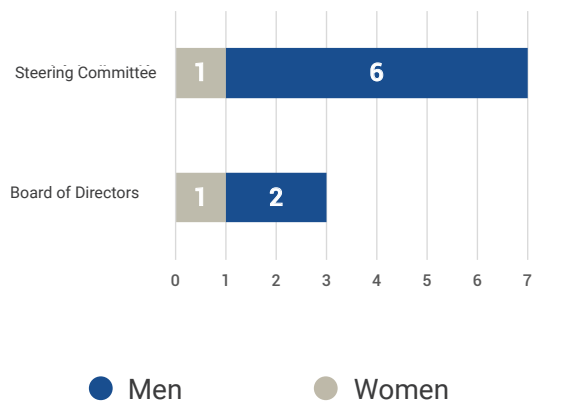
In the 2021 financial year, Aranco has not received any sanctions or complaints for discrimination or situations of labour or sexual harassment.

Equality and diversity

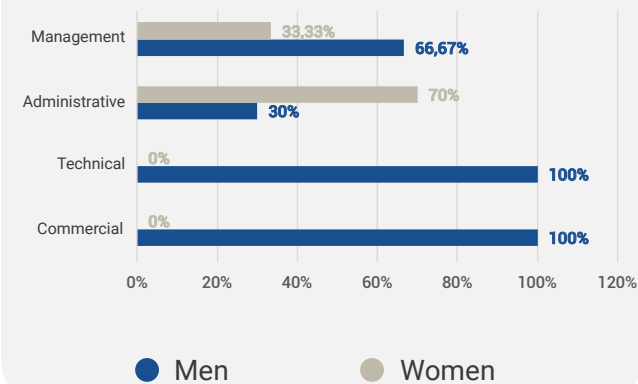
Percentage distribution of staff by gender



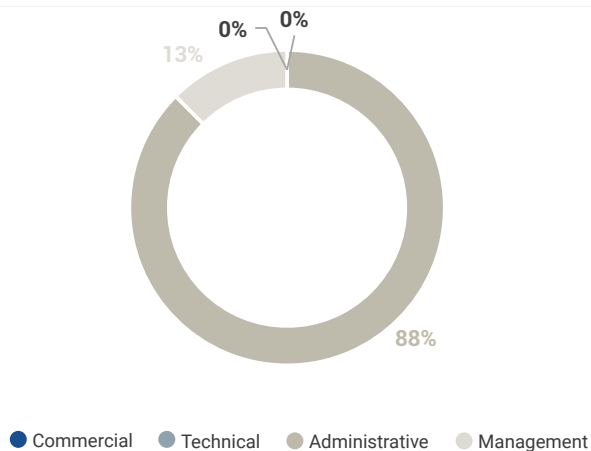
Governing bodies distribution by gender



Area distribution according to gender



Percentage distribution of female workforce by area



	WOMEN	MEN
Women entitled to maternity leave	0	0
Men entitled to paternity leave	0	0
No. of maternity leave granted	0	0
No. of paternity leave granted	0	0
No. of educational licences applied for and granted	0	0
Number of leaves of absence requested and granted	1	0

Protection of Human Rights.

The commitment to develop a sustainable business model, capable of maximising the generation of shared value among our stakeholders, inevitably involves being a generator of employment, in which decent conditions are established based on respect for the human and labour rights of workers.

Aranco's commitments in relation to the protection of human and labour rights include:

- Refraining from the use or support the use of child labour.
- Not using nor encouraging forced, compulsory, or bonded labour.
- Avoiding all forms of human trafficking.
- Not using work carried out by convicted persons.
- Ensuring effective and dignified remuneration.
- Eliminating all discriminatory practices.
- Eliminating disciplinary measures that are abusive or infringe individual's freedom or dignity.
- Ensuring a safe and healthy work environment.
- Educating and training employees so that they can carry out their responsibilities efficiently and safely.
- Respecting the rights to freedom of association, affiliation and collective bargaining.

For this reason, we have implemented different protocols and management controls aimed at preventing or mitigating the risks of human and labour rights violations.

Selection, training and professional development.

Occupational health and safety management.

Equal opportunities and non-discrimination management.

Effective and equitable remuneration.

Control and management of working times.

Structured and systematic social dialogue.

TARGET

With the aim of upholding responsible and coherent management, one of the actions established in our SMP 22/25 is the implementation of a system of respect and protection of Human Rights based on due diligence on our supply chain.

We extend our firm commitment to respect and protect Human and Labour Rights to our supply chain, in line with our purchasing policy, where we try to establish business relationships with organisations that share our business philosophy.

Current Human Rights compliance controls in the supply chain, established for strategic and high-risk suppliers (film, machinery and work clothes) include:

1. **All production sites** of our value chain suppliers being located in the European Union and having a low Human and Labour Rights violation rating, according to the United Nations Human Development Index.
2. **Our supplier of clothing labour** is Sedex-Smeta 4-pillar certified (distributor), and the producer has various human rights certifications, such as no use of child labour, guarantee of decent conditions and the like.
3. **Carrying out commercial visits**, in which technical, social and environmental aspects of our film suppliers are assessed.
4. **Our logistics and production suppliers are local**, so there is a close relationship, with more regular visits, among which social aspects are also valued.

In 2021, Aranco has not received any sanctions or complaints regarding human and labour rights violations, nor have its relevant suppliers.



Responsible sourcing.

Our supplier companies are strategic partners and an essential part of our success. That is why we seek to establish long-term relationships with them based on transparency, trust and collaboration, which are mutually beneficial.

Our responsible purchasing strategy is based on the following pillars:

- **Strategic alignment.** We extend our values and business philosophy to our supplier companies, which is why we incorporate social, ethical and environmental assessment criteria.
- **Concentration.** At Aranco we have always been committed to having a reduced and efficient pull of suppliers, which allows us to have a high level of knowledge of them and to be able to work together to develop innovative projects and share our best management practices, so that the choice and collaboration with them are an essential element of our competitiveness.
- **Proximity.** Working with local suppliers enables us to develop projects together, assess their performance and reputation, maximise economic and social impact on the community, and reduce environmental costs.

Principles of action of our responsible purchasing model:

- Procedures based on legal compliance and due diligence.
- Fulfilment of obligations established between the parties.
- Transparent management and constant dialogue.
- Confidentiality of shared information.
- Inclusion of ESG aspects in the evaluation and assessment of our supplier companies.
- Absence of conflicts of interest and independence of decisions, based on objective criteria.
- Cost reduction: economic, social and environmental.
- Promotion of continuous improvement, innovation and exchange of good practices.

Assessment and evaluation criteria for supplier companies, applied on a weighted basis, in the approval and assessment processes:

- Value for money.
- Technical and financial solvency.
- Operational efficiency.
- Ethical conduct and reputation.
- Social impact (respect for decent and fair working conditions).
- Environmental impact (circularity and climate).
- Proximity.

Our Procurement Area is in charge of developing and improving the corporate model of responsible sourcing. This model consists of an initial assessment phase of the supplier companies, in which they are verified:

- Compliance with established quality and safety standards.
- Supply and/or service coverage.
- Delivery deadlines.
- Receipt of technical documentation and quality, if applicable.
- Validity of established product or management certifications or verifications.
- Acceptance of internal management conditions: deadlines and means of payment, among others.

In addition to documentary control and depending on the product or service required, the relevant quality tests are carried out, as well as on-site visits to the production centres, especially to the companies supplying film, machinery and logistics.

Periodically or at the end of projects, a continuous evaluation of our supplier companies is carried out, in which we assess compliance with the established requirements and the management of any incidents that may occur. This continuous process may lead to the temporary or definitive unapproval of the supplier's company.

Indicators:

The machinery assembly supplier is local.

100%
of stretch film suppliers are certified for environmental management.

100%
of stretch film suppliers calculate and verify product carbon footprint.

53 days
average supplier payment period.

100%
of our film suppliers have their production sites in Europe.

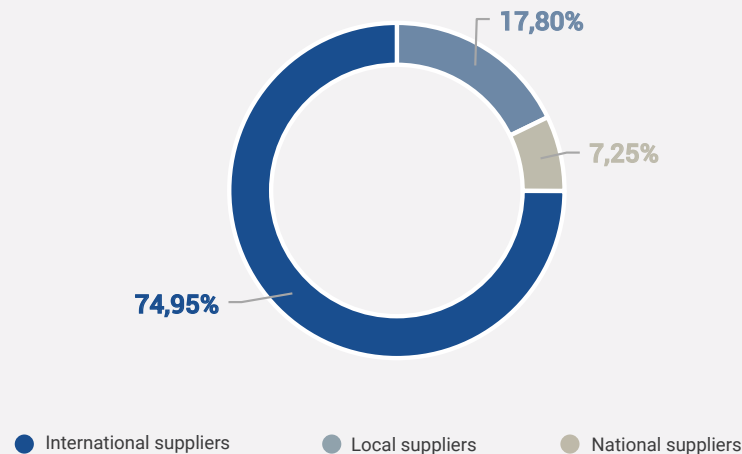
100%
of our logistics providers for the Iberian Peninsula and the Balearic and Canary Islands are local.

100%
of our logistics suppliers have a certified environmental management system and have measures in place to reduce environmental impacts.

100%
of suppliers in our value chain are approved.

0,02%
of product returned due to lack of quality.

Percentage distribution of investment in suppliers



Service culture.

At Aranco we have the experience of having transformed an organisation oriented towards the sale of film and wrapping machines to offer an Integral Wrapping Service for our customers. This evolution has been carried out at all levels of the company, developing a new 'Culture' with a vocation for customer service in all areas of the organisation.

Our service culture is one of our main competitive advantages and is based on the following pillars:

- 1. Culture based on the triple bottom line or triple impact:** people, product and planet, a disruptive vision that demonstrates the advantages of our business model.
- 2. Transformational model:** we are a strategic ally for our clients, oriented towards the outsourcing of stretch wrapping services, as opposed to the traditional model of purchasing stretch film and pallet wrapping machines.
- 3. Highly digitalised services:** offering a great contribution of value, capable of reducing economic, productive and environmental costs.
- 4. High vocation for the customer:** based on personalised attention and the establishment of relationships based on transparency.
- 5. A commitment to service:** this translates into the development of innovative, state-of-the-art products and wrapping machines, as well as our own specialised technical service, which guarantees profitability and productivity for our customers.
- 6. Agile response:** the digitalisation of our services and the experience of our technical service make us capable of providing immediate and even preventive and predictive responses.

Strategic axes of our service culture:

QUALITY

INNOVATION



Quality

At Aranco we maintain high quality standards for our machines, films and services, with the aim of continuing to maintain and enhance the high levels of satisfaction of our customers. Our quality management system is based on the following essential elements:

- **Integral management.** Quality criteria are present throughout the entire process: design, choice of materials and services, production, distribution and technical service, with the aim of complying with the legal requirements and those demanded by our customers.
- **Continuous improvement.** Our quality model is based on the focus of continuous improvement of our management and production systems, which are subject to a process of constant evolution that increases our efficiency and productivity, as well as that of our customers.

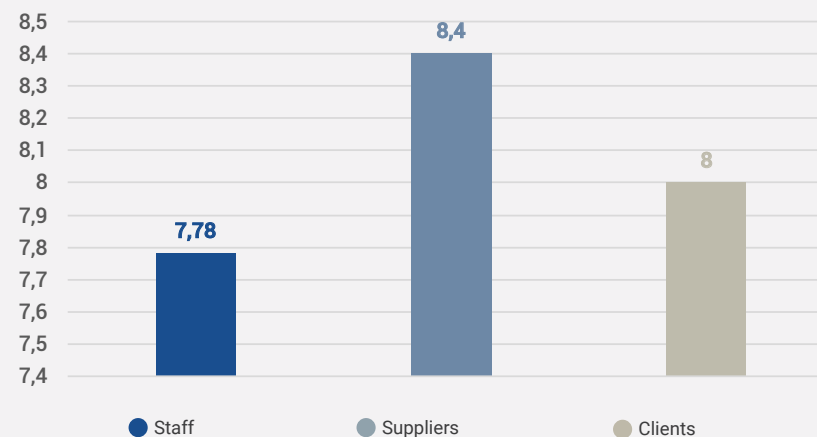
- **Preventive approach.** We identify the critical points of quality management, establishing the necessary controls to mitigate or eliminate quality and safety risks.
- **Trained talent.** All the people in our team are properly trained and informed to carry out their responsibilities efficiently and always safeguarding the quality and safety of our products and services.

- **Aligned suppliers.** We periodically approve and evaluate our suppliers' products and services.
- **Complaint Management.** In order to efficiently manage our customers' complaints, we have set up different communication channels for receiving them. In the event of having any complaint, the Commercial Area contacts the customer and draws up an initial complaint report which is forwarded to the Quality

Area. This area identifies the reason for the complaint and establishes corrective measures.

- **Customer satisfaction.** We periodically evaluate the degree of satisfaction of our customers and recommend improvements to our processes and services.

Perception of the quality and sustainability of corporate services and products



Innovation

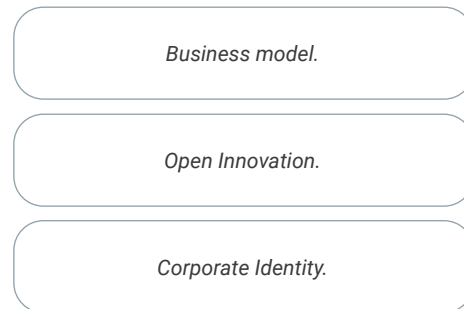
Innovation is part of our DNA and has marked our roadmap since our foundation. At Aranco we understand innovation as the acquisition of sustainable competitive advantages over time. Therefore, our approach is focused on our entire value chain and involves our supply chain and customers.

Pillars of innovation management at Aranco:

- Promote the culture of innovation transversally throughout the organisation.
- Know market trends and creating services and products capable of anticipating or adapting to them.
- Be an innovation partner for customers and suppliers.
- Enhance the sustainability of our business model and that of the stakeholders involved in our value chain.

- Innovate under social, environmental and productive criteria, sustainable innovation.
- Innovate in a disruptive way to further enhance our transformational model.
- Innovate with our current and potential markets in mind.

Main focuses of corporate innovation:



Business model (value proposition)

Since 1997, Aranco has developed an innovative business model of industrial packaging services based on the transfer of wrapping

machines, with no investment or fees for customers, who only pay for the stretch film consumed . Our model involves an outsourcing of the packaging service, helping our customers to focus on their business and being their allies in the end-of-line service.

In addition, the digitalisation of the wrapping service is capable of increasing the productivity of our customers, providing advantages that the traditional model can hardly offer.

Open innovation

In recent years at Aranco, we have developed ad hoc projects with clients, in which we are able to unify in a single project all the necessary actors to develop comprehensive and more sustainable solutions. We are currently developing various circular economy projects with clients, suppliers and authorised waste managers.

This type of innovation is historical at Aranco. Currently our logistics model, developed jointly with our suppliers, has been presented as a success story in different forums. A project capable of increasing

logistics efficiency, reducing delivery times, as well as reducing economic and environmental costs for all parties involved, customers, suppliers and Aranco itself.

Innovation in our corporate identity

It is undoubtedly our great historical commitment, which has evolved over the years. Since our founder Mr. Luis Lara, Aranco has always tried to develop a corporate culture and identity, capable of generating engagement among our stakeholders and combining the virtues of a family business in a professionalised management that meets the demands of our major customers.

At Aranco we continue to be a family, in which the commitment of all our people is a differential value.

Contribution to the environment.

The design of our SMP 22/25 and its strategic reflection have shown us the importance of trying to contribute and generate value in our environment, beyond the impacts produced by the performance of our business activities.

Historically, we have tried to be an organisation concerned with favouring our socio-economic and environmental surroundings, carrying out actions in different third sector organisations and with a special sensitivity towards contributing to the employability of young talent.

In this respect, we collaborate with various educational centres:

- Offering curricular internships to students of intermediate and higher education cycles, with the aim of providing them with a first professional experience, which also allows us to identify talent that we can potentially incorporate in the future.

- By organising visits to our facilities in nearby schools, in which we try to raise awareness and encourage children on the importance of generating purposeful companies.

Currently, we have defined our community contribution's policy and strategy, in which we intend to structure our social and environmental actions, in order to maximise the generation of impacts and value creation.

Objectives for the environmental contribution strategy:

- To orient the organisation's sustainable development to global environmental and social challenges, through effective adoption of the SDGs.
- To contribute to economic and social development, as well as to the conservation of the natural heritage, especially in the communities where we operate.

- To promote the implementation of social or environmental actions requested by our stakeholders, especially those involved in our business model such as staff, customers, and suppliers.
- To encourage the implementation of targets that maximise the impact of our actions and the active involvement of our team.

Priority themes:

- Environmental impact, related to climate change and the circular economy.
- Research, innovation, knowledge transfer and entrepreneurship with social or environmental impact, especially those related to our business activities.
- Education and employability.
- Promotion of healthy lifestyle habits, such as sport and healthy eating.
- Establish decent living conditions,

especially for children.

- Collaboration with professional associations in the sector that aim to promote the sustainable development of the sectors in which we operate.

Priority target groups:

- Youth, especially groups related to employability and access to employment.
- Children and other vulnerable social groups.
- People at risk of social and labour exclusion.
- Disadvantaged groups.



Environmental.

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Environmental management.

At Aranco, we have always maintained a special sensitivity to environmental sustainability, trying to minimise the environmental impacts produced.

With the aim of carrying out environmental management based on compliance with the law and adaptation to the growing legislation that regulates our business activities, corporate environmental management is carried out by internal personnel who have defined the following criteria for action:

- 1. Compliance** with the law.
- 2. Identification and management** of environmental aspects.
- 3. Preventive management**, based on the elimination or mitigation of environmental aspects.
- 4. Efficiency** and responsible consumption.
- 5. Sustainable performance** of business activities, corporate products and services.

Main environmental aspects of Aranco:



Atmospheric emissions from our activities, products and services.



Diesel consumption.



Noise pollution.



Circularity.



Water consumption.



Use of sustainable materials.



Electricity consumption.



Waste generation and management.



Sustainable design of products and services.

Aranco's environmental management encompasses production efficiency and responsible consumption as key criteria. This is because its application:

- Reduces economic and environmental costs of our activities and therefore has a direct impact on our improved competitiveness.
- Helps mitigate or eliminate risks arising from identified environmental aspects.
- Raises awareness on the importance of environmental sustainability among staff.
- Is aligned with Aranco's mission, vision and corporate identity.

The inauguration in January 2021 of the new facilities has meant a significant step forward for Aranco towards improving its environmental performance, especially in terms of energy transition, as they have been designed and built under sustainable criteria.

Noise pollution

The main source of noise pollution at Aranco comes from the industrial building, where the rewinding processes are located, which is why soundproofing cabins have been installed in them.

In this regard, it should be pointed out that for the opening of the new facilities and the issuing of the environmental permits for the same, the new facilities were subjected to different noise pollution tests, both in the building itself (for occupational risk prevention) and outside. All the results were positive, as the legally established decibel limits were not exceeded.

Use of materials

The use of raw and auxiliary materials is an aspect that has historically been subject to efficient management given its impact on the quality and safety of products and services, as well as on the reduction and control of production and environmental costs.

Key measures in efficient materials management:

- Implementation of a quality

management system, which keeps depletion at minimal levels.

- Digitalisation of the management and control of materials in the warehouse and in the production process.
- Purchasing model with quality control and prevention of material fraud.
- Collaboration with suppliers with strict delivery deadlines and proximity, which favours efficient supply management.
- Information, training and awareness-raising for the team on the correct use of materials and their management.

Energy efficiency

Energy efficiency and the use of renewable energies has been one of

Aranco's major commitments and one of the main criteria in the design of the new facilities.

Electricity is currently Aranco's main source of energy, in addition to diesel for the vehicle fleet.

Main energy efficiency measures:

- Location and orientation of the new installations, which minimise the use of air conditioning units.
- Design of the installations in which the use of natural lighting and open spaces has been promoted.
- Installation of a 100kW photovoltaic plant.
- Intelligent lighting and climate control system.
- Installation of a louvred cladding system on several façades,

as well as CO2 exchange and purification equipment, with devices for CO2 renewal, filtration and expulsion, recovery and thermodynamics and partial free-cooling.

- Hot water production for showers and changing rooms by means of a heat pump.
- Light and presence sensor systems, for switching on outdoor lights and uncrowded spaces.
- Use of LED or energy-saving luminaires.
- Information and training for Aranco staff on the responsible use of electrical and air conditioning equipment.
- Use of machinery and equipment with a low energy rating.



Measures to reduce diesel consumption of the vehicle fleet.

- Progressive migration of the vehicle fleet towards more efficient and less polluting cars.
- Installation of charging points for electric and hybrid vehicles in our car park.
- Design of efficient routes for our technicians and sales representatives for on-site visits and technical interventions.
- Promoting the use of information technology for meetings via videoconferencing.
- Digitalisation of services, which allows preventive and predictive control, as well as remote adjustments of the machines of our customers, reducing incidents and therefore the travel time of our technicians.

Water consumption

Our main water consumption comes from personal use of water, as well as its use for watering the outdoor green areas. Despite not having a high consumption due to the type of activities carried out, different efficiency measures have been implemented, with the aim of making responsible use of an increasingly precious and valuable natural resource.

- Digitised control of water meters, to identify possible leaks or faults.
- Installation of a water purification system to encourage personal use of water and eliminate bottled water or similar systems.
- Installation of aerators in taps.
- Installation of double push buttons on toilets.
- Use of rainwater for irrigation, by means of a rainwater harvesting system.
- Drip irrigation system.



Circular economy.

One of the main pillars of our environmental management is the development of a circular business model. In this sense, one of the main environmental objectives of SMP 22/25 is to achieve the circular business certification.

The circular economy is one of Aranco's hallmarks. Since our origins we have maintained circularity as an environmental criterion and it has marked our business model, as well as the design and differentiation of our products and services. Pillars of our circular management:

- Encouraging the use of sustainable materials.
- Minimising waste production.
- Enhancing resource recovery, especially of raw

materials.

- Re-using our recalled stretch wrappers and extend their service life for other customers, once they have been checked and overhauled.
- Involving our main stakeholders, suppliers, customers and staff in our initiatives.
- Basing our product and service innovations on eco-design.
- Increasing the efficiency of our production processes.

For this reason, we apply circular criteria in a transversal manner, in accordance with the three R's of the system: reduce, recycle and reuse.

At Aranco we are convinced that our commitment to circularity can offer us new elements of differentiation and improve our competitiveness and environmental performance.



REDUCE



RECYCLE



REUSE



Reduce

Responsible consumption and operational efficiency are two pillars of our management that we apply both internally and, in the design, and development of our products and services. In this regard, the main measures established at the level of consumption of materials, raw materials and supplies have been described in the previous section.

Internally, we have implemented various actions aimed at achieving the highest possible efficiency in all our areas of activity:

- Digitalisation of management, abandoning or reducing our paper use.
- Distribution of aluminium water bottles, to encourage the use of tap water.
- Document printing policy.
- Personalised menu management, via app, so that only the food requested is cooked and served, helping reduce food waste.

Supply consumption in 2021:

SUPPLIES	QUANTITY
Water (megalitres)	2,34
Light (kilowatts)	353.437
Diesel B7 (litres)	41.760,46
Gasoline E5 (litres)	454,69

However, we generate the greatest impact in reducing consumption through our products and services. In this regard, it should be noted that efficiency is a differential element of corporate services and one that is most appreciated by our customers, due to our ability to:

- Improve wrapping quality, which reduces waste, increases dispatch capacity and reduces film waste.
- Help reduce up to 60,000 TN of film from our customers.
- Reduce film consumption by 67% on average.
- Reduce the consumption of roll cardboard kg by 85%.
- Reducing the microns of stretch films.
- Increase the metres of film per roll.
- Increase control of wrapping productivity through digitalisation and maintenance plans with remote assistance, reducing breakdowns and downtime.

Recycle

Recycling is another essential element of our environmental management plan and it is present both in the performance of our business activities and in the provision of our services.

New EcoFilm product range; a new film with a minimum of 30% PCR (post-consumer recycled) composition, up to 60% recycled content.

Responsible and efficient waste management facilitates the revalorisation of waste and extends its useful life.

Main waste management measures in Aranco:

- Collaboration with authorised recycling managers, who guarantee the revaluation of our waste.
- Segregation of waste, which is deposited in the spaces and containers provided.
- Packaging and labelling of toxic and hazardous waste, in accordance with legal requirements.
- Training for the team members in charge of waste management.
- Information and training programmes for all personnel

to segregate and correctly dispose of the waste generated.

- Implementation of a protocol for the classification, deposit and removal of waste.
- Film waste from supplier packaging, shrinkage or supplier returns, managed by our authorised recycling manager.
- Wooden pallets, cardboard cores and cardboard sheets used to package our products, and which cannot be reused are handed over to our authorised waste manager for reuse.

WASTE	LER CODE	TYPE	KG
Cardboard	200101	Non-hazardous	1.465
Scrap	200140	Non-hazardous	1.230
Low density polyethylene	191204	Non-hazardous	1.240
Polyethylene	150102	Non-hazardous	5.390
Strapping	2001139	Non-hazardous	615
Wood	170201	Non-hazardous	6.175
Recoverable waste to be sorted	200307	Non-hazardous	116.815

Aranco currently produces a non-significant amount of hazardous waste, such as aerosol cans, rags and the like, which are managed in accordance with legislation.

Reuse

In accordance with the business activities carried out, our main points of action in terms of reuse are:

- To design robust and compact wrapping machines, using top quality materials that guarantee a long service life.
- To establish maintenance plans for the machines, which extend their useful life to the maximum, while maintaining high productivity.
- The refurbishment of obsolete or damaged machines, extending their useful life. In 2021, a total of 71 machines were refurbished.
- The dismantling of damaged machines, in order to use machine components.
- Sale of high-performance stretch film with at least 30% recycled raw material from used stretch film collected from the market (PCR or "Post Consumer Recycled" raw material).
- Use of high-quality film, which facilitates its reuse after a valorisation process, both as a film and as a raw material for other industries.
- Development of customised projects with circular economy clients of our films.



Reuse is also another of the criteria taken into account in the acquisition of materials, in which the aim is to promote the use and promotion of materials of sustainable origin (recyclable, reusable or compostable):

- Reuse of wooden pallets from film suppliers and only if necessary, purchase of second-hand wooden pallets from a local supplier.
- Use of FSC-certified cardboard cores.
- FSC-certified cardboard sheets in the pallets.
- The furniture purchased for the new facilities is made from FSC-certified wood and the origin of the components are also certified as recycled and recyclable materials.
- The roofs and slat system of the buildings are made of rice pulp and recycled resins.

Climate change.

At Aranco we are aware of the need to decarbonise the economy in order to tackle one of the planet's main problems, climate change. In this sense, we are firmly committed to continuing to develop a low-carbon business model, doing our bit in this global challenge, in which every contribution counts.

Pillars of climate action in Aranco:

Low carbon services

Corporate emission control

TARGET

Aranco's objective, within the framework of its SMP 22/25, is to design and implement a strategy to combat and adapt to climate change.

Low carbon services

The development of a circular and low-carbon economic model are our main environmental commitments. Our main contribution to the fight against climate change is undoubtedly in the design and development of low-carbon services, which also enhance the transition to climate neutrality of our customers and suppliers.

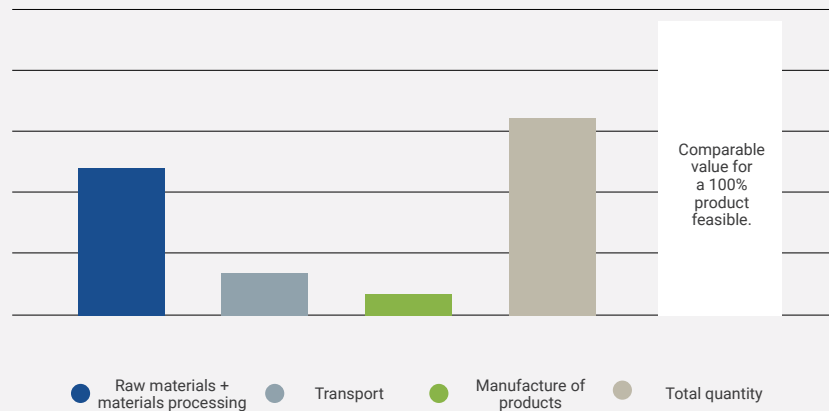
Main actions:

- Design and development of services under eco-innovation and eco-efficiency criteria.
- Reduction of resource consumption, being especially relevant the reduction of film microns, maintaining our high standards of quality and resistance, as well as our recycled raw material film with at least 30% recycled raw material post-consumer recycled (PCR).
- Digitalisation of our services, which allows us to carry out actions remotely and without having to travel, as well as to control and maintain our machines at optimum production levels.

- Design of more energy efficient and durable wrapping machines.
- Sustainable mobility through efficient routes designed by our technicians using artificial intelligence tools developed by technology partners.
- Intelligent logistics, collaborating with logistics partners that have implemented effective measures to reduce emissions through route efficiency, cube efficiency and more efficient vehicles.
- Use of information technology to avoid travelling to meetings, gatherings and the like.

Carbon footprint comparison of our stretch film with recycled raw material of at least 30% vs. industry standard film. The film is capable of reducing 0.7 kg of CO2 equivalent for every kilo of film.

Carbon footprint divided into different phases:



Data from the study:

Carbon footprint calculated by our supplier Trioworld, which has been verified by an independent third party.

Calculation based on product life cycle analysis and using official emission factors from the Simapro software tool.

Main magnitudes of the environmental study carried out by Aranco in 2021:



Aranco has helped to reduce up to 60,000 TN of film.



We have helped reduce our carbon footprint by a total of 106,442 TN CO₂



157.376 trees saved from being cut.



DATA ON ARANCO'S OPTIMISED FILM METERS 2002 - 2020

Average microns consumed in the market for non-optimised films versus average microns Aranco with high performance films.

Period	Type of Film and non-optimised microns by the market	Aranco's type of Film and High Performance microns
2002-2009	23 microns	Automatic 9 microns
2010-2015	20 microns	Automatic 8 microns
2016-2020	17 microns	Automatic 7 microns

DATA ON Kg. OF FILM WITHDRAWN FROM THE MARKET FOR THE LAST 19 YEARS

	CONSUMPTION ARANCO HIGH PERFORMANCE FILM Kg.	CONSUMPTION NON-OPTIMISED MARKET FILM Kg.	CONSUMPTION DIFFERENCE FILM Kg.	% DIFFERENCE in Kg. CONSUMPTION
TOTAL	28.468.742	88.562.427	60.093.685	68%

The latest studies indicate that for 1 kg of stretch film, 1.6 kg of CO₂ are produced. This is obtained from the sum of its 4 phases: production, transport, useful life and waste management (recycling).

96.149.896 Kg of CO₂

This is thanks to the withdrawal from the market of 60,093,685 kg of film x 1.6 kg CO₂

DATA ON Kg. OF CARDBOARD WITHDRAWN FROM THE MARKET FOR THE LAST 19 YEARS

	ARANCO CONSUMPTION of HIGH- PERFORMANCE FILM BOARD in Kg	NON-OPTIMISED FILM MARKET CARDBOARD CONSUMPTION Kg	CARDBOARD CONSUMPTION DIFFERENCE Kg.	% CONSUMPTION DIFFERENCE Kg.
TOTAL	1.702.831	11.994.556	10.291.725	86%

154.376 trees saved in the last 19 years.

On average, 15 mature trees need to be felled to produce 1,000 kg of cardboard.

10.291.725 Kg of CO₂ saved in the last 19 years.

For every 1 Kg of cardboard being produced, 1Kg of CO₂ is produced. By adding all the 4 phases: production, transport, useful life and waste management.



Corporate emissions control

In the 2021 financial year, we have started calculating our corporate carbon footprint, an item we addressed on the occasion of the inauguration of our new facilities.

The main objective of its calculation is to initiate a base year of measurement, in order to be able to know our main sources of greenhouse gas emissions, as well as to measure the efficiency of the reduction and mitigation actions implemented.

For the calculation of the corporate carbon footprint, we have used the methodology developed by World Resources Institute and the internationally recognised World Business Council for Sustainable Development (WBCSDI): GHG Protocol, which provides standards and guidelines for companies and other organisations in calculating a carbon footprint, in Scopes 1, 2 and 3.

Initially, we have chosen to calculate the mandatory Scopes 1 and 2, so the following sources of emissions have been identified:

- Electricity consumption of our facilities.
- B7 diesel consumption of our fleet of vehicles.

The emission factors used are those published by the Spanish Ministry of Ecological Transition and Demographic Challenge for the 2021 financial year, which have been published in 2022.

Corporate carbon footprint 2021

106,248 Scope 1 (Tn CO ₂ eq)	
1,023 Petrol E5	105,225 Diesel B7
81,997 Scope 2 (TnCO ₂ eq)	
188,245 Total carbon footprint (scope 1+2)	
6,844 Tn CO ₂ eq/1M€ Efficiency ratio (turnover)	

For the calculation of the emissions intensity ratio, turnover has been used, as it is a magnitude directly linked to business activity, and therefore it more easily demonstrates the efficiency of the actions implemented.

Main measures taken to reduce corporate emissions:

- Decarbonisation of the energy supply of buildings, with electricity as the sole energy source.
- Use of renewable energy sources, through the 100kW photovoltaic plant, which will come into operation in 2022.
- Change of electricity distribution company, which guarantees neutral emissions from electricity consumption.
- Digitalisation and domotisation of installations, to increase their efficiency.
- Policy of purchasing more energy-efficient appliances and machinery.
- Use of water system for air-conditioning of the facilities.
- Use of more efficient and less emissive logistics partners.
- Progressive migration of the vehicle fleet, both industrial and representative, towards less polluting vehicles.

Vehicle fleet 2021:

Type of vehicle	Diesel	Petrol	Electrical	Hybrids
Cars	17	0	0	1
Forklifts	0	0	5	0



Reporting framework.

Aranco presents its first Sustainability Report 2021, in accordance with its commitment to provide transparency and information to its stakeholders on the impacts and performance of its business activities, products and services. All at a social, environmental and governance level, providing truthful, relevant, and accurate information.

The criteria of the international standard of the Global Reporting Initiative, in its Standards version and in the “essential” option, have been followed for the preparation of this document, as it is the first report on sustainable information prepared and published by the company.

Scope and coverage

The information reported in this report corresponds to Aranguren Comercial del Embalaje S.L.U.'s financial year 2021, from the 1st of January to the 31st of December, whose headquarters are located in the Valencian town of Massamagrell (Spain).

Aranco is committed to producing subsequent editions of its sustainability report on an annual basis.

Reporting standards

The 2021 Sustainability Report has been prepared in accordance with the sustainability reporting guidelines of the Global Reporting Initiative, as this is the most recognised, used and demanding international standard, applying the information quality principles established by the Global Reporting Initiative, which include: balance, comparability, accuracy, timeliness, clarity, reliability as well as using information and data, have

facilitated the understanding of the company's ESG risk management and impacts by its stakeholders. Likewise, it should be noted that the reporting principles of the aforementioned standard have also been achieved such as the inclusion of stakeholders, context of sustainability, materiality and completeness.

Reliability

The information and data provided in the document have been prepared on the basis of the company's internal records, which meet the requirements of quality, rigour and reliability, many of which are subject to external verification by the auditor of the company's accounts and the internal control mechanisms implemented.

Transparency and accuracy

This document contains information and data on the evolution of the management, results and objectives of the development of

its business activities, products and services, providing clear, rigorous and exhaustive information on the impacts and management of the most significant and relevant ESG risks.

Inclusion of stakeholders

In the 2021 financial year, Aranco identified and segmented its stakeholders, with the aim of designing and implementing a dialogue system that allows it to maintain a systematic and structured interaction with its main stakeholders. The objective was to know their expectations, demands and interests and to try to respond to them through Aranco's actions.

In order to carry out the first study on materiality, various surveys and interviews were conducted across ownership, staff, suppliers, customers, professional associations, as well as a panel of sustainability experts.

Materiality

Aranco provides qualitative and quantitative information on the most significant material social, environmental, economic and governance aspects, all in accordance with the materiality study carried out in the 2021 financial year. A material aspect is considered to be one that has a significant influence on the perceptions, decisions and assessments of stakeholders, and therefore has the capacity to satisfy their present and future needs, expectations or interests. For this reason, these aspects have been included in the Sustainability Master Plan 2022-2025 where we also report on our performance.

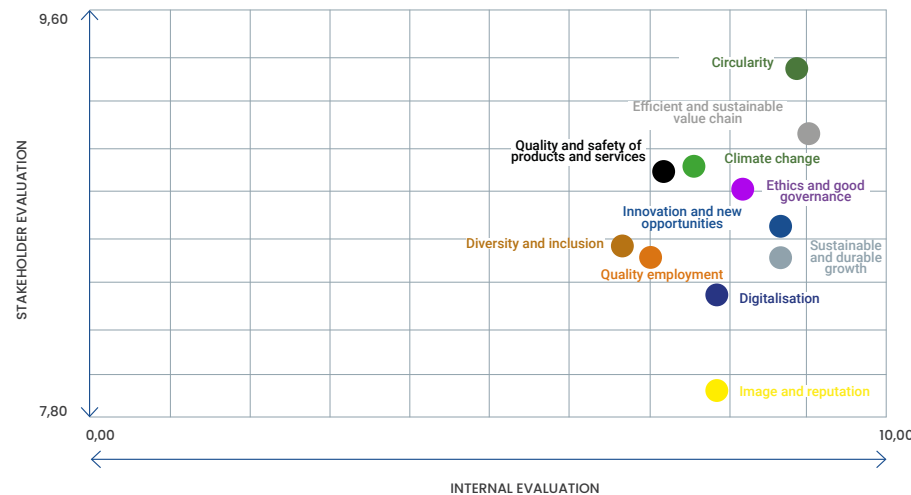
In order to design and implement Aranco's SMP 22-25, a materiality study was carried out, which helped to define SMP 22-25 and its subsequent integration into the corporate strategic plan.

The materiality study was developed in different phases:

- Internal relevance.** In order to identify the company's relevant aspects, an analysis was made of different internal strategic documents, such as risk maps, environmental aspects, business SWOT and similar. In order to complete this, global risk trends from the World Economic Forum were analysed, as well as sectoral risks through the Sustainability Accountant Standard Board (SASB) and a benchmark of customers, suppliers and companies in the sector.

By means of this analysis, an initial list of potential relevant aspects was drawn up, which were evaluated by Aranco's Sustainability and CSR Committee and management team.

- External relevance.** A stakeholder management system was designed and carried out through different consultations, surveys, and personal meetings with the main stakeholders. During these interactions, participants were asked to prioritise the relevant aspects identified in the previous phase, as well as to include new aspects, where appropriate.
- Materiality matrix.** After analysing the responses obtained from stakeholders, the social responsibility committee and management team carried out an assessment of the social, environmental and economic importance of the most significant aspects and the Aranco materiality matrix was drawn up, which is presented below.



The list of material aspects obtained is shown below:

- Circularity.
- Efficient and sustainable value chain.
- Climate change.
- Quality and safety of products and services.
- Ethics and good governance.
- Innovation and new business opportunities.
- Sustainable and sustained growth.
- Diversity and inclusion.
- Quality employment.
- Digitisation.
- Image and reputation.

Aranco encourages all readers of this document and stakeholders to obtain further information on its sustainable business model through its corporate website www.aranco.com and other current and future sustainable performance documents. We also encourage any queries or suggestions for improvement through any of the following contact channels:

Contact us.

ARANGUREN COMERCIAL DEL EMBALAJE, S.L. (ARANCO)

C/ Industrias, 10

Polígono Industrial Massamagrell

ES-46130 MASSAMAGRELL (Valencia)

Spain

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sostenibilidad@aranco.com

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Annexes I and II.

Annex I: Data tables.

TYPE OF CONTRACT	TYPE OF DAY	HIERARCHICAL LEVEL	MEN				WOMEN			
			< 30	30-50	>50	TOTAL	< 30	30-50	>50	TOTAL
			2021	2021	2021	2021	2021	2021	2021	2021
INDEFINITE	FULLTIME	COMMERCIAL	0	2	4	6	0	0	0	0
		TECHNICIANS	6	13	3	22	0	0	0	0
		ADMINISTRATION	0	2	1	3	1	5	0	6
		MANAGEMENT	0	0	2	2	0	0	1	1
	PARCIAL	COMMERCIAL	0	0	0	0	0	0	0	0
		TECHNICIANS	0	0	0	0	0	0	0	0
		ADMINISTRATION	0	0	0	0	0	1	0	1
		MANAGEMENT	0	0	0	0	0	0	0	0
TEMPORARY	FULLTIME	COMMERCIAL	0	0	0	0	0	0	0	0
		TECHNICIANS	0	0	0	0	0	0	0	0
		ADMINISTRATION	0	0	0	0	0	0	0	0
		MANAGEMENT	0	0	0	0	0	0	0	0
	PARCIAL	COMMERCIAL	0	0	1	1	0	0	0	0
		TECHNICIANS	0	0	0	0	0	0	0	0
		ADMINISTRATION	0	0	0	0	0	0	0	0
		MANAGEMENT	0	0	0	0	0	0	0	0

Staff data as of the 31st of December 2021.

Annex II: GRI Indicator Table.

Table of GRI general and specific contents, according to compliance option - *Essential*

GRI Standard	Description	Page	Direct Response
GRI 101: FUNDAMENTALS, 2016 GRI 102: GENERAL CONTENTS, 2016			
1. PROFILE OF THE ORGANISATION			
GRI 102-1	Name of the organisation		Aranguren Comercial del Embalaje, S.L.U.
GRI 102-2	Activities, brands, services or products	Page 7, 12 to 16	
GRI 102-3	Location of the organisation's headquarters		Polígono Industrial Massamagrell, C/Industrias, nº 10. 46130 Massamagrell (Valencia) Spain
GRI 102-4	Location of operations	Page 10	
GRI 102-5	Ownership and legal form		Sociedad limitada Unipersonal. Civis LKH Holding España S.L.
GRI 102-6	Markets and services	Page 10 to 16	
GRI 102-7	Size of the organisation	Page 38, 41 and 74	
GRI 102-8	Information on employees and other workers	Page 41, 42 and 74	
GRI 102-9	Supply chain	Page 51 and 52	
GRI 102-10	Significant organisational and supply chain changes		None
GRI 102-11	Precautionary principle or approach	Page 29 and 30	
GRI 102-12	External initiatives		We do not endorse external statutes
GRI 102-13	Membership of associations		ANAIP and ADL
2. STRATEGY			
GRI 102-14	Statement by senior executive decision-makers	Page 4 and 5	
GRI 102-15	Main impacts, risks and opportunities	Page 30, 33 and 71	
3. ETHICS AND INTEGRITY			
GRI 102-16	Values, principles, standards and norms of conduct	Page 8 and 28	
GRI 102-17	Advisory mechanisms and ethical concerns		Óscar Bailo Goiricelaya

GRI Standard	Description	Page	Direct Response
GRI 101: FUNDAMENTALS, 2016 GRI 102: GENERAL CONTENTS, 2016			
4. GOVERNANCE			
GRI 102-18	Governance structure	Page 26	
GRI 102-19	Delegation of authority	Page 27	
GRI 102-21	Stakeholder consultations on economic, environmental and social issues	Page 32, 70 and 71	
GRI 102-22	Composition of the supreme governing body and its committees	Page 26	
GRI 102-23	Chairperson of the Board		María Kistina Goiricelaya Aranguren
GRI 102-24	Nomination and selection of the highest governance body		The chairmanship of the board is elected by consensus of the board members by means of the board's own minutes and public registry.
GRI 102-26	Role of the highest governance body in the selection of purpose, values and strategy	Page 26	
GRI 102-29	Identification and management of economic, environmental and social impacts	Page 30, 33 and 71	
GRI 102-32	Role of the highest governance body in sustainability reporting		Commissioning and approval of the final document.
GRI 102-33	Communication of critical concerns		None
5. STAKEHOLDER ENGAGEMENT			
GRI 102-40	List of stakeholders	Page 32	
GRI 102-41	Collective bargaining agreements		100% of the workforce covered by the collective agreement
GRI 102-42	Identification and selection of stakeholders	Page 32, 70 and 71	
GRI 102-43	Approach to Stakeholder Engagement	Page 32 and 70	Triennial
GRI 102-44	Key issues and concerns raised	Page 33 and 71	
6. REPORTING PRACTICES			
GRI 102-45	Entities included in the consolidated financial statements		Aranguren Comercial del Embalaje, S.L.U.
GRI 102-46	Defining the contents of reports and coverages	Page 70	
GRI 102-47	List of material items	Page 33 and 71	
GRI 102-48	Restatement of information		Not applicable
GRI 102-49	Changes in reporting		Not applicable

GRI Standard	Description	Page	Direct Response
GRI 101: FUNDAMENTALS, 2016 GRI 102: GENERAL CONTENTS, 2016			
GRI 102-50	Reporting period	Page 70	Financial year 2021, 1 January to 31 December
GRI 102-51	Date of last report		First report
GRI 102-52	Annual reporting cycle	Page 70	Annual
GRI 102-53	Contact point for questions about the report	Page 72	sostenibilidad@aranco.com
GRI 102-54	Statement of preparation of the report in accordance with the GRI Standards	Page 70	Essential
GRI 102-55	GRI Table of Contents	Page 75 to 82	
GRI 103: MANAGEMENT APPROACH, 2016			
GRI 103-1	Explanation of the material topic and its coverage	Page 7, 25, 54, 55, 38, 40, 47, 51, 53, 61 and 65	
GRI 103-2	The management approach and its components	Page 7, 25, 26, 27, 38, 54, 55, 40, 47, 51, 53, 61, 62, 63, 64, 65, 66 and 68	
GRI 103-3	Evaluation of the management approach	Page 7, 27, 28, 54, 38, 41, 42, 48, 52, 54, 63, 66, 67 and 68	
GRI 201: ECONOMIC PERFORMANCE, 2016			
GRI 201-1	Direct economic value generated and distributed	Page 38	
GRI 201-3	Defined benefit plan obligations and other retirement plans		None
GRI 202: MARKET PRESENCE, 2016			
GRI 202-1	Ratio of standard entry level wage by sex to local minimum wage	Page 40	
GRI 204: PROCUREMENT PRACTICES, 2016			
GRI 204-1	Proportion of expenditure on local suppliers	Page 52	
GRI 205: ANTI-CORRUPTION, 2016			
GRI 205-1	Operations assessed for corruption-related risks		100% of operations assessed

GRI Standard	Description	Page	Direct Response
GRI 101: FUNDAMENTALS, 2016 GRI 102: GENERAL CONTENTS, 2016			
GRI 205-3	Confirmed cases of corruption and measures taken		No cases have been detected
GRI 206: UNFAIR COMPETITION , 2016			
GRI 206-1	Legal actions relating to unfair competition and monopolistic and anti-competitive practices		No cases have been detected
GRI 302: ENERGY, 2016			
GRI 302-1	Energy consumption within the organisation	Page 62	
GRI 303: WATER AND EFFLUENTS, 2018			
GRI 303-1	Interaction with water as a shared resource	Page 60	
GRI 303-2	Management of impacts related to water discharges	Page 60	
GRI 303-3	Water abstraction	Page 62	
GRI 304: BIODIVERSITY, 2016			
GRI 304-1	Owned, leased or managed operations centres located within or adjacent to protected areas or areas of high biodiversity value outside protected areas		None
GRI 304-3	Protected or restored habitats		None
GRI 304-4	Species listed on the IUCN Red List and on national conservation lists whose habitats occur in areas affected by operations		Not applicable
GRI 305: EMISSIONS, 2016			
GRI-305-1	Direct GHG emissions	Page 68	
GRI-305-2	Indirect GHG emissions	Page 68	
GRI-305-4	GHG emissions intensity	Page 68	
GRI 306: WASTE, 2020			
GRI 306-1	Waste generation and significant waste related impacts	Page 63	
GRI 306-2	Management of significant waste-related impacts	Page 63	
GRI 306-3	Waste generated	Page 63	
GRI 307: ENVIRONMENTAL COMPLIANCE, 2016			
GRI 307-1	Non-compliance with environmental legislation and regulations		No non-compliance detected
GRI 401: EMPLOYMENT, 2016			
GRI 401-1	New employee recruitment and staff turnover	Page 41	

GRI Standard	Description	Page	Direct Response
GRI 101: FUNDAMENTALS, 2016 GRI 102: GENERAL CONTENTS, 2016			
GRI 401-2	Benefits for full-time employees not given to part-time employees		None
GRI 401-3	Parental leave	Page 48	
GRI 403: HEALTH AND SAFETY AT WORK, 2018			
GRI 403-1	Occupational health and safety management system	Page 44	
GRI 403-2	Hazard identification, risk assessment and incident investigation	Page 44	
GRI 403-3	Occupational health services	Page 44	
GRI 403-8	Coverage of the occupational health and safety management system	Page 44	
GRI 403-9	Injuries due to accidents at work	Page 44	
GRI 403-10	Occupational diseases and illnesses	Page 44	
GRI 404: TRAINING AND EDUCATION, 2016			
GRI 404-1	Average hours of training per year per employee	Page 46	
GRI 404-2	Programmes to improve employee skills and transition support programmes	Page 46	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES, 2016			
GRI 405-1	Diversity in governing bodies and employees	Page 26, 41 and 74	
GRI 406: NON-DISCRIMINATION, 2016			
GRI 406-1	Cases of discrimination and remedial action taken		No cases have been detected
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING, 2016			
GRI 407-1	Operations and suppliers whose right to freedom of association and collective bargaining may be at risk		No cases have been detected
GRI 408: CHILD LABOUR LOCAL COMMUNITIES, 2016			
GRI 408-1	Operations and suppliers with significant risk of child labour cases		No cases have been detected
GRI 409: FORCED OR COMPULSORY LABOUR, 2016			
GRI 409-1	Operations and suppliers with significant risk of cases of forced or compulsory labour		No cases have been detected
GRI 410: SECURITY PRACTICES, 2016			
GRI 410-1	Security personnel trained in human rights policies or procedures		None
GRI 411: INDIGENOUS PEOPLES' RIGHTS, 2016			
GRI 411-1	Cases of violations of indigenous peoples' rights		None
GRI 412: HUMAN RIGHTS ASSESSMENT, 2016			
GRI 412-1	Operations subject to human rights impact assessments or reviews		100% of strategic suppliers

GRI Standard	Description	Page	Direct Response
GRI 101: FUNDAMENTALS, 2016 GRI 102: GENERAL CONTENTS, 2016			
GRI 412-2	Training of employees on human rights policies or procedures		None
GRI 414: SOCIAL ASSESSMENT OF SUPPLIERS, 2016			
GRI 414-1	New suppliers that have passed selection filters according to the social criteria		100%
GRI 414-2	Negative social impacts on the supply chain and measures taken		100% new supplier companies approved
GRI 415: PUBLIC POLICY, 2016			
GRI 415-1	Contributions to political parties and/or representatives		No contributions have been made
GRI 416: CLIENT HEALTH AND SAFETY, 2016			
GRI 416-1	Health and safety impact assessment of product or service categories		No cases have been detected
GRI 416-2	Cases of non-compliance concerning health and safety impacts of product and service categories		No cases have been detected
GRI 417: MARKETING AND LABELLING, 2016			
GRI 417-2	Cases of non-compliance related to product and service information and labelling		No cases have been detected
GRI 417-3	Cases of non-compliance related to marketing communications		No cases have been detected
GRI 418: CUSTOMER PRIVACY, 2016			
GRI 418-1	Substantiated complaints regarding breaches of customer privacy and loss of customer data		No cases have been detected
GRI 419: SOCIO-ECONOMIC COMPLIANCE, 2016			
GRI 419-1	Non-compliance with laws and regulations in the social and economic fields		No cases have been detected

