

2017

SUSTAINABILITY REPORT

BATZGROUP



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***“Established in Igorre,
with an eye on the world”***

***Are we a responsible company?
Is BATZ a sustainable project?***

Without a doubt, the answer to both questions is yes. That is not an unfounded assertion.

For more than half a century, we have assumed the commitment of being a socially responsible company, committed to the environment and to the societies where we were present. At BATZ, we have always been very clear that our activity must yield results in today's society, as well as leaving a legacy for future generations, as our founders did. This has been possible thanks to the strength of a business model that is based on solid principles and shared by all, with a clear mission: To grow in a constant and profitable way, through the development of innovative solutions and our commitment to the customer, without losing sight of the economic and social development of our environment.

The fact we are celebrating our 55th anniversary this year and have been collaborating for decades with the main actors within the sectors in which we carry out our activity is clear evidence of the good work of all the people who were and are a part of BATZ.

This time, we have made an important quantitative and qualitative leap. We have internationalized and diversified ourselves and have become a solid group composed of about 1,800 people. Above all, however, we have managed to combine our expansion and global character with the roots and commitment to our environment.

And as it can be seen, you have in your hands our first sustainability report that summarises the main actions in terms of responsibility that we carried out during 2017 as a group.

We have a road ahead full of new challenges and opportunities, for which we are certainly prepared.



Ana Camacho | CEO BATZ Group

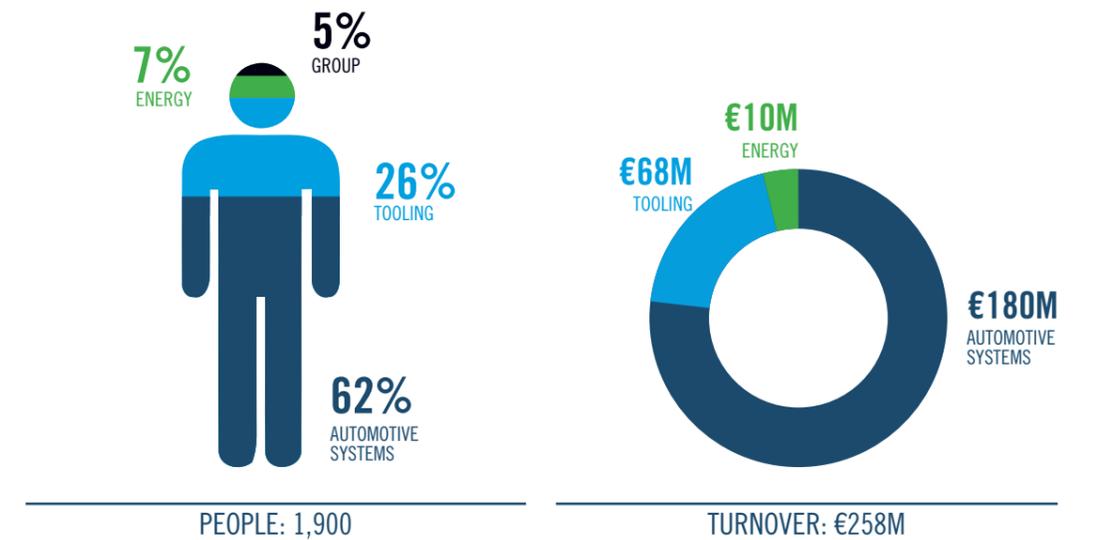
INTRODUCTION

Sustainability and corporate social responsibility in the BATZ Group is integral and structurally integrated in its daily activities. BATZ is convinced that it can contribute through sustainable management to the generation of wealth and development of the environment. This way of acting arose naturally since our foundation as a cooperative, more than 50 years ago. In fact, these are the pillars on which BATZ is built and founded and which are still valid today. Some principles in which all of us who form BATZ firmly believe.

1. ABOUT US

BATZ is a global provider of products and services for the automotive, energy and aeronautics sectors. Founded in 1963 and based in Igorre (Biskaia), it is part of MONDRAGON, the largest cooperative group in the world.

Based on ethical and sustainable growth, BATZ has become a solid industrial group thanks to the commitment and customer orientation of its professionals.



1. ABOUT US

● BATZ AUTOMOTIVE

○ AGREEMENTS

● BATZ ENERGY

JAPAN ·

KOREA ·

CHINA · KUNSHAN SHANGHAI

CHINA · CHENGDU

CHINA · GUANGZHOU

INDIA ·

TURKEY ·

CZECH REPUBLIC · OSTRAVA

ITALY ·

SPAIN

- IGORRE
- ARTEA
- ZAMUDIO
- BOROJA
- URDULIZ
- RIOJA

SOLAR USA · LAS VEGAS

MEXICO · SAN LUIS POTOSI

USA ·

PORTUGAL · MARINHA GRANDE

CHILE · ATACAMA

BRAZIL · CURITIBA

MOROCCO · QUARZAZATE

SOUTH AFRICA · NORTHERN CAPE

SOUTH AFRICA · UPINGTON

BATZ
NATURALLY
GLOBAL

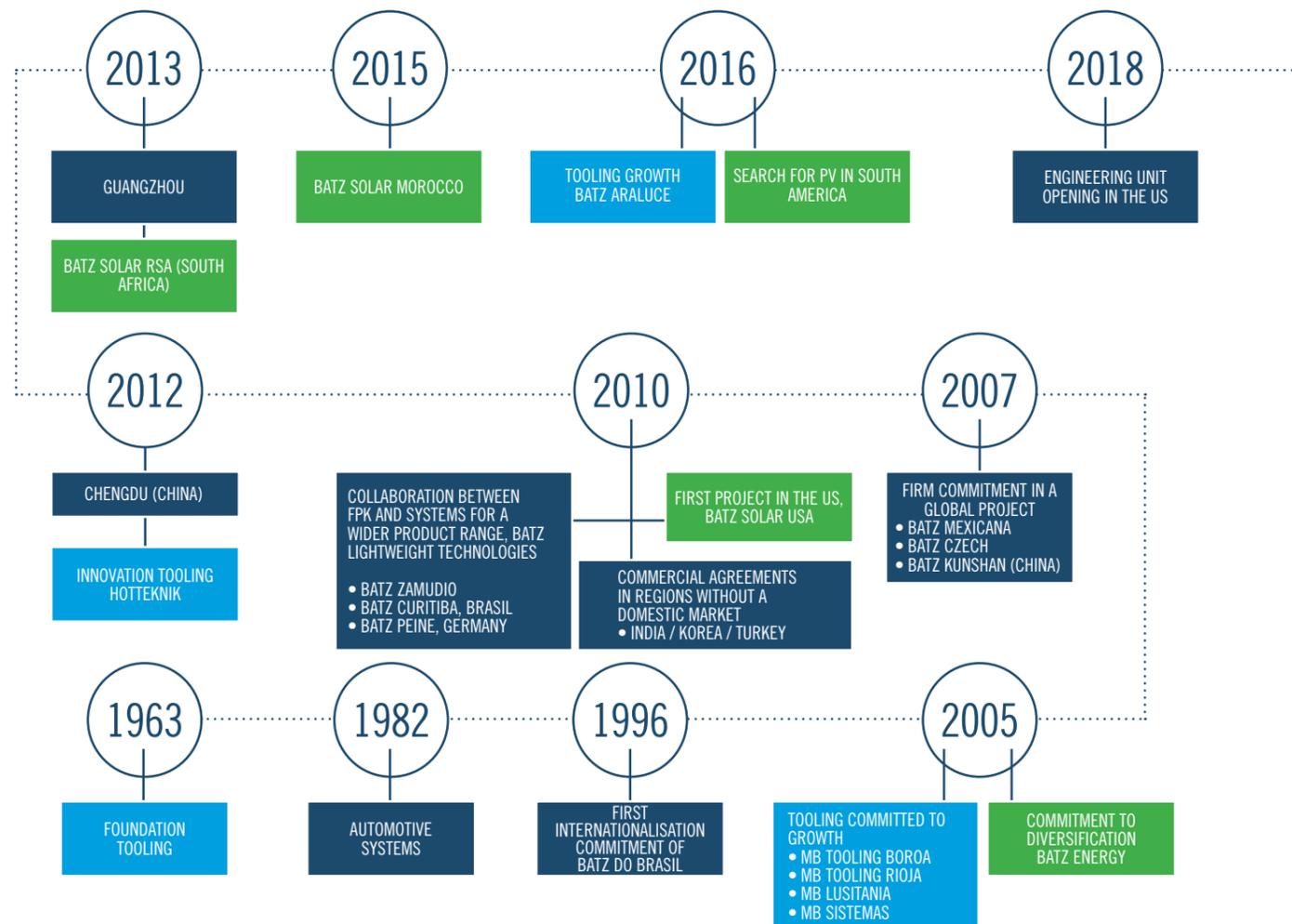
2. OUR HISTORY

FROM ARRATIA TO THE WORLD

BATZ was founded as a cooperative based in the Arratia Valley, with an international projection, which has managed to combine, during its more than half century of existence, its expansion and global character while maintaining its roots and commitment to the valley.

Sustainable growth, diversification, globalisation, people. Key to the success and legacy of BATZ.

- TOOLING
- AUTOMOTIVE SYSTEMS
- ENERGY



3. WHAT WE DO

Tooling. BATZ is the European leader in the design and manufacture of stamping dies for both structural and skin parts, offering a comprehensive service that ranges from the conceptual design of the product to its final development.



Automotive Systems. BATZ is qualified and acknowledged by the main OEMs in the automotive sector in the design and manufacture of mechanical and mechatronic control systems, characterised by providing safe, lightweight, ergonomic and efficient attributes.



BATZ Energy focuses its activity on the design and development of turnkey solutions for solar field assemblies in CSP and PV technologies.

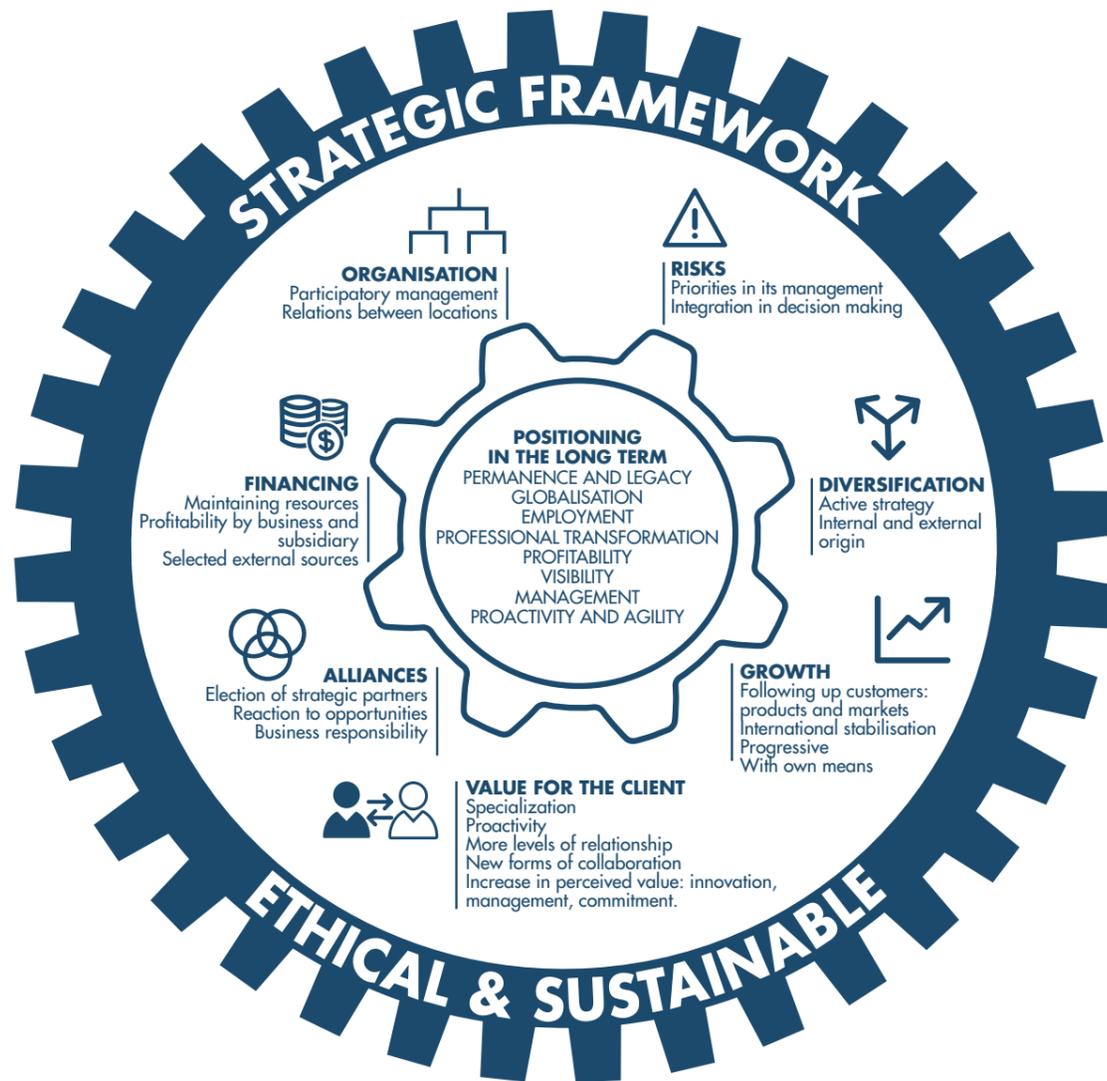


4. HOW WE DO IT

MEETING YOUR CHALLENGES

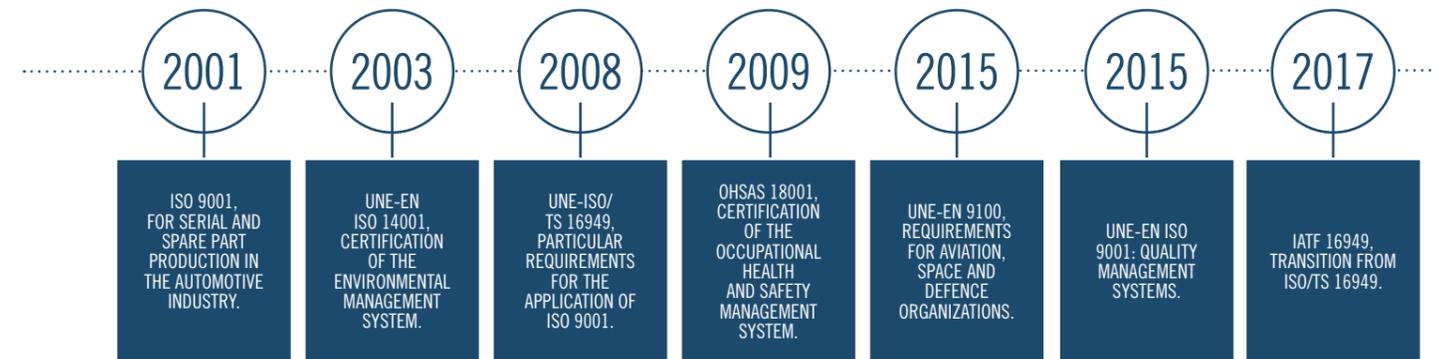
It is in our DNA. It is a maxim that summarises BATZ and reflects the commitment and customer orientation of all the people who compose it. Innovation, teamwork and our orientation towards achievement, among the other values on which BATZ is based, allow us to establish long-term relationships of trust

with our clients, accompanying them in all challenges and offering solutions to present and future challenges.

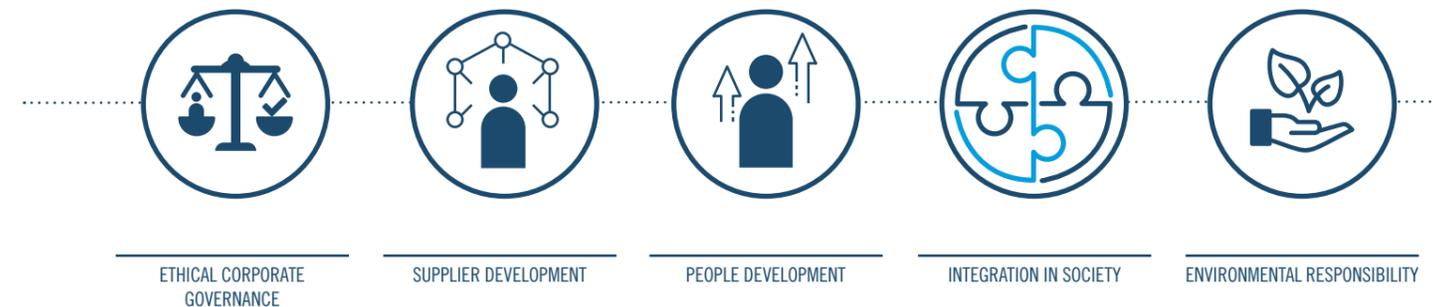


OUR ROADMAP

Sustainability is integrated into the business, which means that the entire strategy and plans include, in a clear and systematic manner, objectives and projects regarding corporate social responsibility. In fact, we have tools that help us assess the soundness and quality of our management while certifying them.



This integral sustainable management is based on five axes:



4. HOW WE DO IT – ETHICAL CORPORATE GOVERNANCE

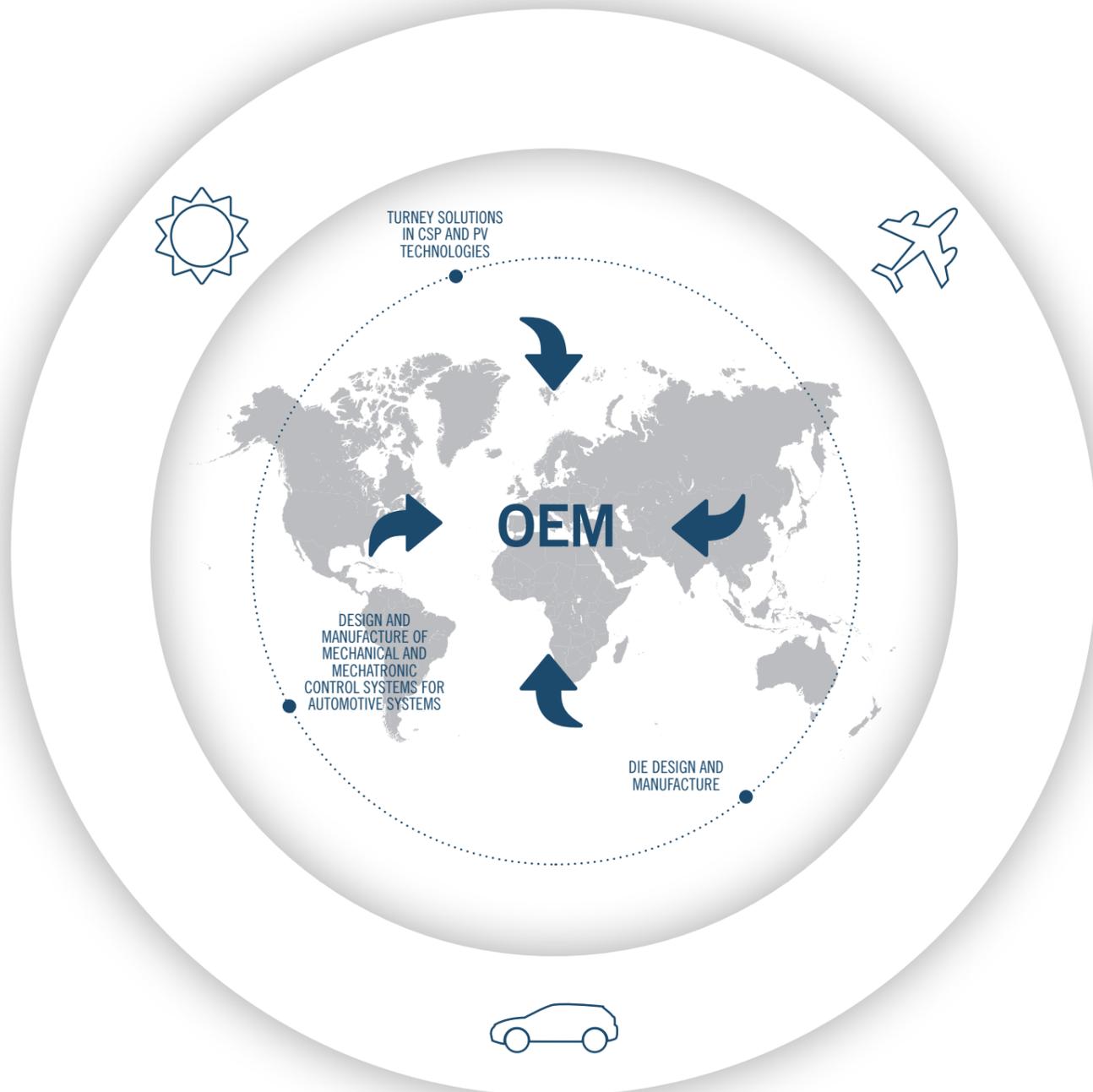
BATZ Group's corporate governance model is based on a commitment to ethical principles, transparency, leadership and the creation of sustainable value in the communities in which we are present. We are convinced ethical, sustained and transparent management are the foundations on which we must build and consolidate our project in the long term.

Diversification as a basis for the generation of value and development of our partners.

At BATZ, we develop a business model based on geographical, business, product and customer diversification in order to face the dynamic and constantly changing sector that is the automotive industry, a model that guarantees our sustainable growth.

Commitment to innovation for the development of sustainable solutions.

Innovation at BATZ is carried out in all areas, from knowledge management and protection to the industrial implementation of advanced solutions in new materials and processes that allow greater weight reduction and, therefore, lower consumption and CO₂ emission in vehicles.



INNOVATION AS TEAMWORK

PEOPLE- AND TEAMWORK-BASED KNOWLEDGE.

4. HOW WE DO IT – ETHICAL CORPORATE GOVERNANCE

The deployment of the innovation model is carried out in an open manner, managing the different challenges through structured projects in technological collaborations. The stable relationships with technology centres, universities and other external collaborators complement our internal capacities and allow us to face projects with a marked technological character. Similarly, we maintain relationships with other agents specialising in sectorial prospecting and commercial exploration.

We measure the success of innovation according to our arrival in the market, analysing both the sale of new products in relation to our current product portfolio and those that involve significant changes in technology in their manufacturing processes. We thus guarantee the renewal of each of our businesses while responding to the new challenges of our customers.

LINES OF INNOVATION BY BUSINESS

TOOLING

PRODUCT	PRODUCTIVE PROCESSES
<p>Specific management unit for press hardening, hot stamping of boron steels in order to achieve lighter and safer structural parts in case of collision.</p>	<p>Laser cladding, an approach to additive manufacturing for the repair of matrices, from increasing the capacity of laser hardening.</p>

AUTOMOTIVE SYSTEMS

PRODUCT			PRODUCTIVE PROCESSES
MECHATRONICS	LIGHTWEIGHT	ACTIVE AERODYNAMICS	
<p>Integration of the actuator in the pedal systems to position ourselves as a global supplier of pedals that include mechanics and electronics.</p>	<p>Global implementation of IMC (injection moulding compounding) technology for structural lightweight through new materials and processes.</p>	<p>AIRDRIVE, a product line for improving vehicle efficiency and thermal management of engines, thereby reducing CO₂ emissions.</p>	<p>BATZ Manufacturing System, efficient data management to achieve greater competitiveness, with a primary cybersecurity project.</p>

BATZ ENERGY

PRODUCT
<p>Leadership in CSP technology, with the assembly of heliostats in Morocco.</p>
<p>Approval of single axis PV tracker, designed by Batz.</p>

4. HOW WE DO IT – ETHICAL CORPORATE GOVERNANCE

Ethics, an integral part of our corporate culture and values.

Due to the cooperative origin of BATZ, values such as trust, integrity, cooperation, respect and commitment are inherent in the company, having been extrapolated and implemented in all our plants throughout these years. Thus, and within the organisation and management model of BATZ, in 2017, another step was taken in the consolidation of our corporate culture through the BATZ Group **Code of Conduct**, a document that includes various rules and procedures that regulate the responsible behaviour of all of us who make up BATZ. In 2017, the document was translated into the native languages of each country, followed by the announcement of its entry into force and available channels for the reporting of any incident or complaint. It should be noted that, to date, no complaint was collected through the channels available for this purpose.

4 HOW WE DO IT – PEOPLE DEVELOPMENT

BATZ is made up of people. We care about people. We know that the long-term success of BATZ lies in them and that their commitment is essential for the achievement our goals.

Thus, we work on the development and continuous improvement of internal communication channels that allow us to know their level of commitment and enthusiasm with the BATZ project, thus establishing the measures and action plans that are deemed necessary.

On the other hand, we manage people based on a structured model that visualises them from their moment of entry until their departure from the organization, considering their stay in BATZ with a continuous development approach.

A respectful and flexible work environment.

At BATZ, we facilitate and promote a work environment in which transparency, trust, mutual respect, collaboration and teamwork prevail and where the reconciliation of the life of the company's people is structured as a key element. We perform this through the tools defined in our **Internal Communication Policy**, approved in 2017, and based on the equal opportunities policy we maintain.

Thus, systems are implemented to facilitate the reconciliation of the personal, family and professional life, through flexible hours, permits and other social benefits included in our **work-life balance policy**.



4 HOW WE DO IT – PEOPLE DEVELOPMENT

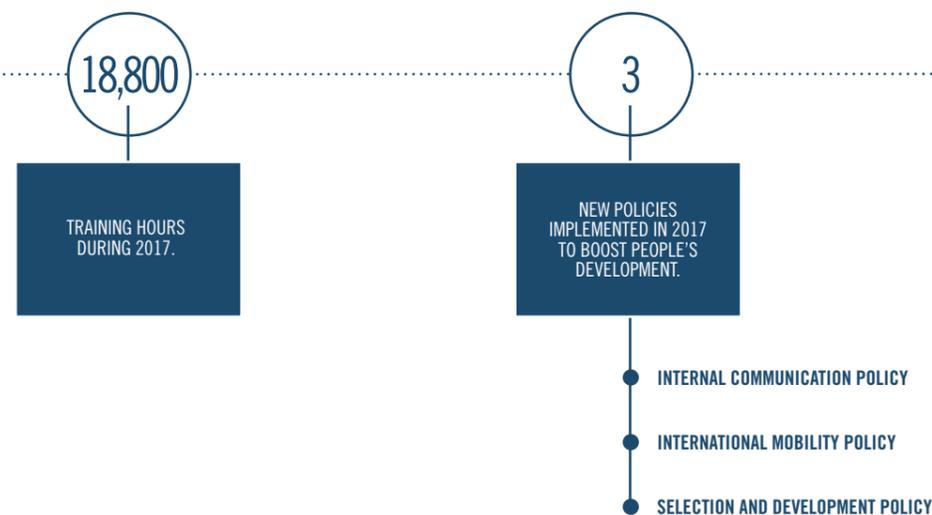
The promotion of internal talent.

We know that it is important to have the best talent and that is why we work on its development. At BATZ, we promote multiple initiatives and programmes every year with the aim of helping our people grow professionally.

In this sense, effort and work are acknowledged and encouraged through internal promotion policies, equal opportunities, and application of a profession model. Additionally, and through annual development interviews, people are working on the definition of plans for their professional development.

It should be noted that, in 2017, the **International Mobility Policy** was approved with the aim of establishing global and multi-purpose teams, as well as a new **Selection and Development Policy**, in order to have a team of highly motivated and trained professionals to work in the development of the different businesses that make up our activity.

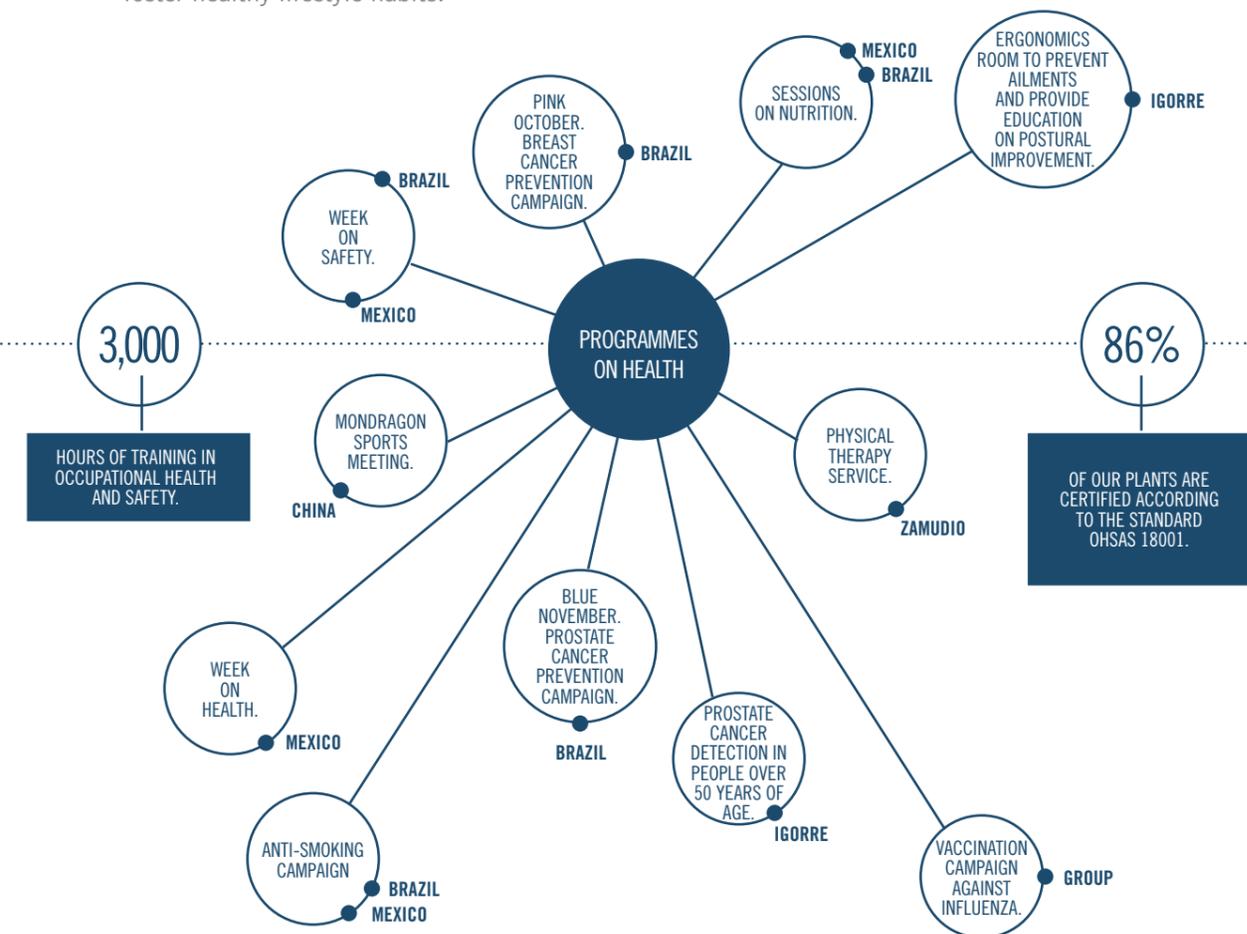
Additionally, there are innumerable internal training actions that affect the entire workforce.



Building a safer and healthier work environment.

BATZ facilitates and ensures the development of tasks and activities of all the people who integrate it in a safe environment, ensuring that all prevention, safety and ergonomics requirements are met and offering the necessary training and methodology for the correct performance of our activity. Thus, BATZ has implemented a **management system for resources in the area of certified occupational health and safety and prevention and occupational risk plans**. Similarly, it counts on a **Health and Safety Policy** adapted to each production plant.

In addition, at BATZ, we have our own medical service and agreements with mutual associations and other medical services entities to facilitate the management of processes related to medical care, ensuring that this occurs directly. Likewise, health campaigns and activities are promoted periodically to foster healthy lifestyle habits.



4. HOW WE DO IT – SUPPLIER DEVELOPMENT

We work in close collaboration with our suppliers, promoting the application of responsible practices, improving sustainability standards and optimising the performance of the entire supply chain during the different stages of the life cycle of our product.

Joint responsibility, crucial in the relationship with suppliers.

At BATZ, we are looking for an increasingly greater involvement of our supply chain in the generation of value. This includes ensuring that compliance with responsible practices also extends to them.

To do this, we incorporated corporate social responsibility as one more aspect to be taken into account in each of the approval phases of our panel of suppliers and purchasing management, including our positioning with responsible practices explicitly in contracts and agreements.

Fostering the culture of collaboration.

For BATZ, it is essential to build a long-term relationship with our suppliers. Our goal is to turn potential risks into opportunities by working hand in hand with them in order to reduce any vulnerability and ensure efficient continuity in the supply chain.

In this sense, BATZ conducts a continuous evaluation that studies the evolution in terms of sustainability, strengths and possible weaknesses of each of the suppliers that form or will be part of our panel, on the basis of which we proceed to their approval and classification. This continuous evaluation allows the identification possible risks, as well as establishing improvement measures and joint action plans.

A relationship based on transparency.

We seek to foster a relationship of closeness and continuous dialogue with our suppliers in order to make them participate in our project.

To do this this, we have established channels such as visits and meetings in which we share and exchange initiatives and aspects related to good practices, questionnaires and our supplier portal, in addition to technical requirements and quality standards, through which the minimum responsible business criteria defined by BATZ are communicated.

4. HOW WE DO IT – INTEGRATION IN SOCIETY

One of the key pillars of BATZ is the commitment to our environment. It is thus our obligation and responsibility to actively contribute to its social, economic and environmental improvement. Thus, BATZ pursues sustainable development through transparency, commitment, teamwork, talent development, and respect. In summary, it works through ethical and sustainable values that have been internalised in our culture since our inception.

indirectly, the generation of employment, promotes the training and qualification of people, and drives the economic activity in our immediate environment.

Generating wealth in our environment.

We promote initiatives for economic and social development based on respect for the communities in which we are integrated, internalising each culture and its reality.

Additionally, our presence in various locations across the world stimulates, directly and

We create relationships through transparency.

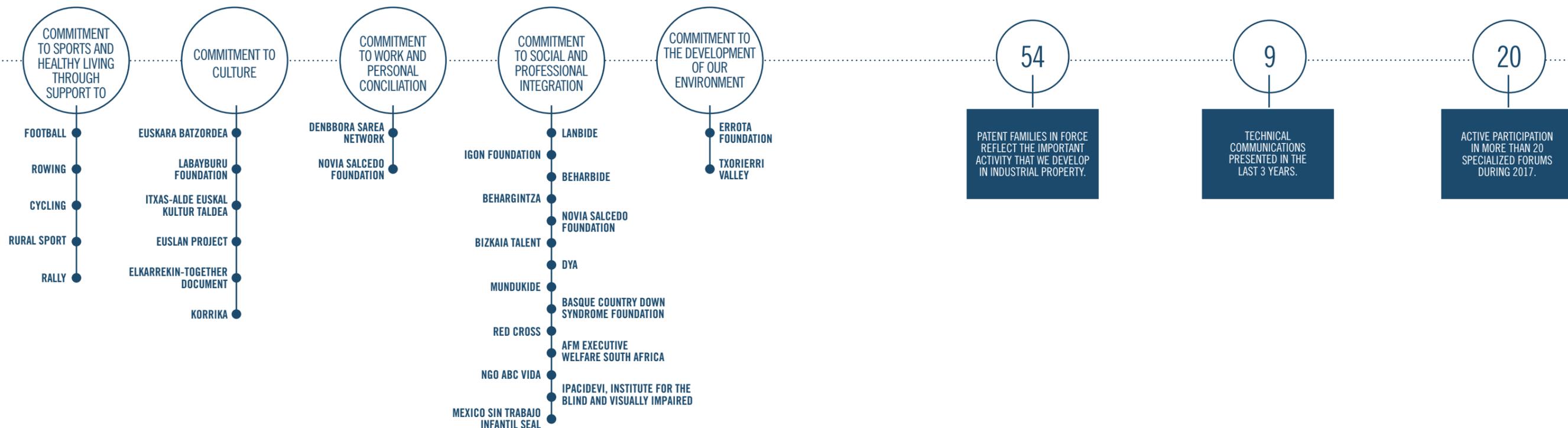
Besides acting responsibly, it is important to inform, communicate, and be transparent about it. In this sense, we maintain a constant and continuous communication, spreading our most relevant information to the different interest groups.

To this end, in 2017, a new **External Communication Policy** was approved, integrating various communication channels both online and offline. It consists of a document that details the communication axes and their respective channels, with the aim of enhancing dialogue with our publics.

Disclosure as the engine of value generation.

At BATZ, we are committed to generating value and promoting the development of our environment through the transfer of our knowledge, whether through patents, publication of technical articles, agreements with the public-private sector, or participation in forums, among others. We firmly believe that the communication of knowledge constitutes a decisive pillar in economic and social development.

SOME OF THE INITIATIVES CARRIED OUT DURING 2017



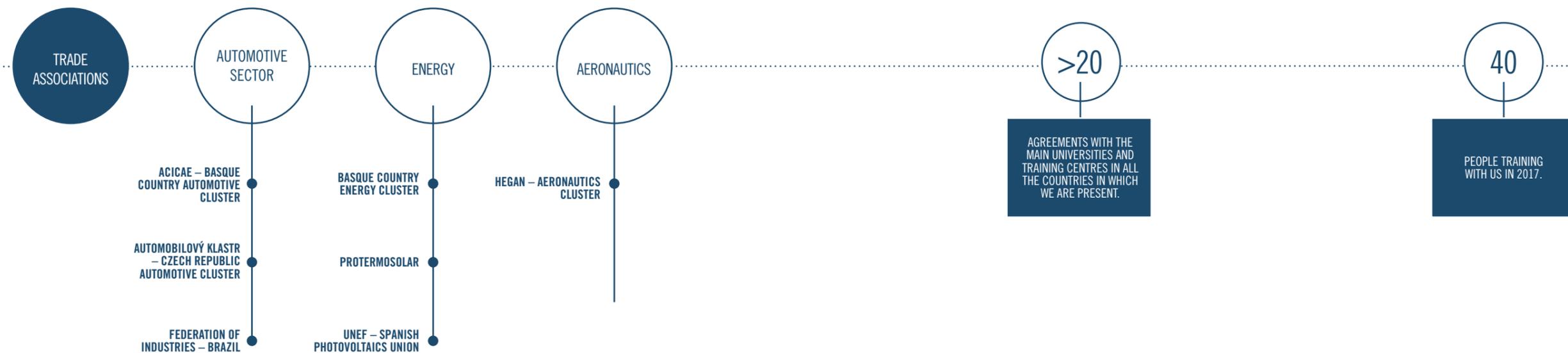
4. HOW WE DO IT – INTEGRATION IN SOCIETY

Likewise, in 2017 we celebrated the first **BATZ Innovation Summit**, an event open to professionals from the automotive sector, addressing the challenges and opportunities regarding the vehicle lightweighting, with the participation of the main OEMs in this field. This event is scheduled to take place annually.

BATZ participates in the trade associations most representative of its field of activity in the countries where it operates.

Commitment to the professionals of the future.

At BATZ, we perform actions to favour the access of young people to their first job, as well as improving our positioning among young people in order to attract profiles that share our mission, vision, and values. In this sense, in addition to participating in trade shows and employment forums or organising visits to our facilities, BATZ carries out an intense work of dissemination and talent development while collaborating with training, innovation and training programmes in all the countries where it is present, ranging from Dual Training to projects such as the Formula Student, in which engineering students develop a single-seat car for competing in international circuits.



4. HOW WE DO IT – ENVIRONMENTAL RESPONSIBILITY

At BATZ, we are firmly committed to the protection of the environment and the respectful management of resources and our surroundings. In addition, we are committed to generating value by minimising the possible environmental impact, as established in the principles set out in our **environmental policy**, encompassing the entire BATZ Group.

Certified environmental management system.

We have been committed to respect for the environment since our inception. Our first environmental policy was signed in 2001 and entailed the strengthening of actions that respect the environment, which were acknowledged with the certification, in September 2003, of our Environmental Management System (EMS), based on the UNE EN ISO 14001 standard.

During these years, and through the methodology of continuous improvement, the EMS has been optimised and updated, and we are currently certified according to ISO 14001 in 100% of the countries where we are located.

Another highlight is the implementation of a global **environmental policy** in 2017, which sets out the general lines of action in environmental matters and in accordance with the RSC of the BATZ Group.

ENVIRONMENTAL POLICY

The Batz Group management establishes its policy so that the expected results are achieved according to the management system, providing the necessary means and committing to:

The protection of the environment, preventing adverse environmental impacts by preventing pollution, taking into account the locations of each of the group's plants.

Compliance with legal requirements and other aspects to which the organisation subscribes, establishing their identification and periodic evaluation and correcting any non-conformities that may arise.

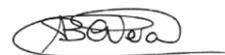
Continuous improvement with the aim of supporting and improving environmental performance.

Fostering the spirit of respect for the environment and the commitment to participation and collaboration in environmental actions that are adopted.

Improving energy performance, investing in energy savings and efficiency to contribute to the protection of the environment and improve our competitiveness.

This policy is in line with strategic environmental management and is the framework for establishing environmental objectives periodically.

It is communicated internally and is also available to all stakeholders who wish to transmit and disseminate our commitments, in particular to customers and suppliers.



Ana Camacho | CEO BATZ Group

4. HOW WE DO IT – ENVIRONMENTAL RESPONSIBILITY

Promoting the spirit of respect towards the environment.

We are convinced that good environmental management begins with the awareness of our professionals in this area. In this sense, we carry out periodic and specific training aimed at all people who in some way are involved in the Environmental Management System.

We also seek the involvement of our surrounding area in the actions that are adopted in environmental matters, through the dissemination of our policies and actions that have an impact on the improvement of our environment.

INVOLVEMENT IN OUR SURROUNDING AREAS

CAMPAIGN OBJECTIVE

CAMPAIGN

COLLECTED AND TREATMENT OF ORGANIC WASTE

USE AS FERTILISER IN NURSERIES OF THE SURROUNDING AREA.

REDUCTION OF THE NUMBER OF BINS

IMPROVING WASTE SEGREGATION.

PROGRAMME AZTERTU IBATALDE

AN ENVIRONMENTAL EDUCATION PROJECT PROMOTED BY THE BASQUE GOVERNMENT WITH THE AIM OF DISSEMINATING THE FLUVIAL ECOSYSTEMS OF THE AUTONOMOUS COMMUNITY OF THE BASQUE COUNTRY. BATZ PARTICIPATES ACTIVELY CONTRIBUTING DATA ON THE PHYSICAL AND BIOLOGICAL CHARACTERISTICS, QUALITY OF WATERS, AND PRESENCE OF WASTE IN THE ADJOINING RIVERS.

GREEN PURCHASE

INTRODUCTION OF ENERGY EFFICIENCY CRITERIA IN THE PURCHASE OF NEW EQUIPMENT / MACHINERY AND PRIMARY SELECTION OF SUPPLIERS WHO HAVE ENVIRONMENTAL CERTIFICATION.

OBJECTIVE

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TRAINING

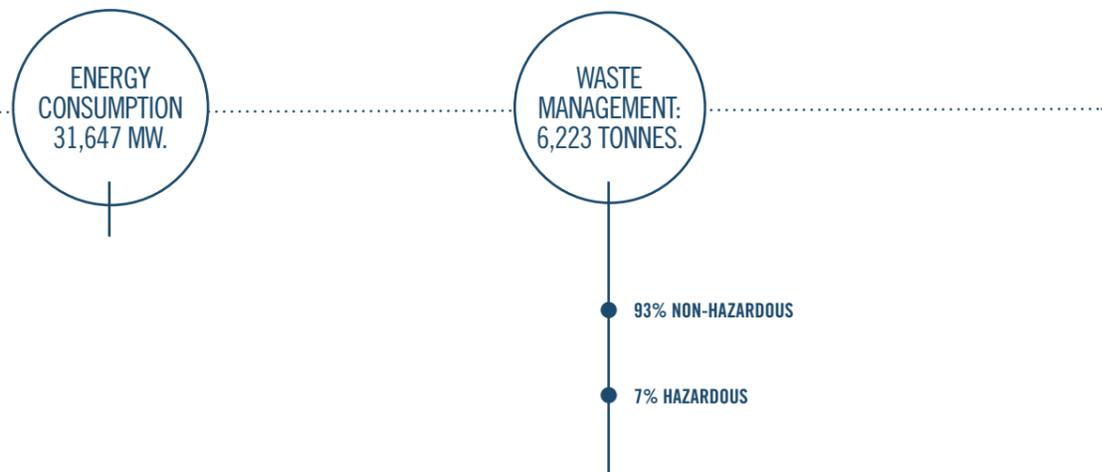
PEOPLE TRAINED DURING 2017 ON TOPICS RELATED TO AWARENESS, PREVENTION AND ENVIRONMENTAL CARE.

4. HOW WE DO IT – ENVIRONMENTAL RESPONSIBILITY

Our environmental impact

At BATZ, we improve energy performance by investing on energy savings and efficiency to contribute to the protection of the environment and enhance our competitiveness. In this sense, we annually dedicate a series of human, economic and material resources to minimise the negative environmental impacts produced in our plants, as well as compliance with the applicable legal requirements in environmental matters.

To achieve these goals, one of the management system tools used is the **Evaluation of environmental aspects**. In 2017, these were the most significant aspects:



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AUTOMOTIVE



ENERGY



AEROSPACE

