



Arancō

Sustainability Report 2023.

Executive Summary

Service for a better world



A word from our Chief Executive Officer

At Aranco we are excited about the moment of growth we are experiencing. The most obvious is perhaps our current internationalisation process, with new subsidiaries in France and Germany. But there are other growths that are enriching us as never before.

First, I would like to mention the people who are joining our project in Spain, France and Germany. But we are also growing individually and as a team: we are a more agile, horizontal and collaborative company, and we are better prepared to adapt to the challenging environment we are living in. In this context of growth, I would like to highlight our development in sustainability. I am proud to see how we are steadily moving forward with our Sustainability Master Plan, taking quiet and steady steps but without stopping.

Our business model is based on optimising the packaging of palletised goods for our customers in Spain, Portugal and other European countries. With this focus, and by investing year after year in innovation, we continue to prevent many tonnes of useless film from reaching the market and we help our customers to reduce their consumption, waste and emissions while maintaining or improving the quality of their packaging without risking the safety of their loads.

I cannot fail to mention the tough regulatory environment we face in the plastics industry. We share the objectives of decarbonisation and improved waste management. But we call on legislative authorities not to improvise and to take care to assess the consequences of their laws.

An example of alignment with the objectives but disagreement with the technical implementation of a law is the plastic tax, in force in Spain since January 2023. Technically difficult to implement, it diminishes the homogeneity of the European single market and opens the way to fraud from non-European countries with divergent ethical principles and less linkage to the territory.

In any case, at Aranco we are fully committed to the good use of plastic and to the good management of plastic waste to grow towards a circular economy.

Finally, I would like to introduce you to the motto that encompasses Aranco's vision and actions in sustainability: "Service for a better world". "Service" reflects our innovation in the packaging sector, where we adopt a pioneering service model that translates into customer value. "For a better world" represents our vision to improve the world, both in our industry and in society, and to enrich the lives of those who are part of Aranco.

Thank you very much.



The motto that encompasses the vision and actions of Aranco in sustainability: "Service for a Better World".

Gaizka Lara Goiricelaya,
Aranco Chief Executive Officer.

Over 35 years transforming the end of line.

Aranco is a Spanish family-owned SME company founded in 1988 and specialised in packaging services with wrapping machines at no cost (Wrapping as a Service), high-performance and low-micron stretch films, in-house technical service and digital tools. We have our own subsidiaries in several European countries, which are also part of the Aranco Group.

We are committed to innovation and we design and manufacture our wrapping machines with our own technology. Together with leading European partners in the sector, we develop high quality, low-micron stretch films that reduce consumption, waste and emissions and guarantee a safe transport of palletised goods.

+50
people

+2.000
wrapping machines in
operation

+800
customers

Main sectors in which we work:

Logistics

Large distribution

Feeding

Textile

Pharmaceutical sector

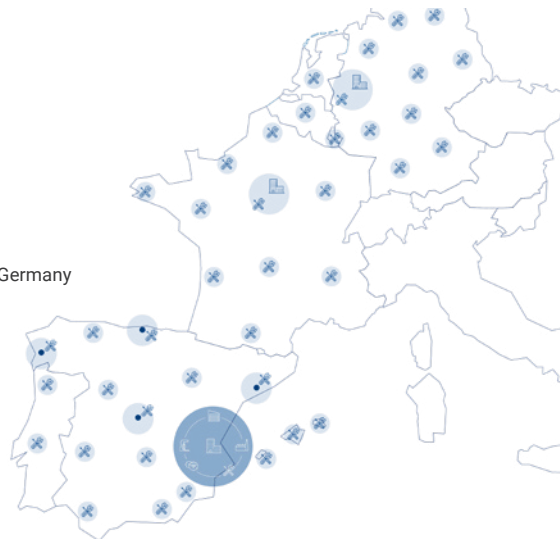
Beverages

Where we are

- Spain and Portugal (Aranco)
- France (own subsidiary Aranco France)
- Germany (own subsidiary Aranco Deutschland)

Customers:

- In Spain, Portugal, France, the Netherlands and Germany



Mission, vision and values.

Mission

Transforming Europe's industrial packaging sector by adding value and productivity, improving people's lives and having a positive impact on the environment.

Vision

Improving our world.

Values

Respect, trust, commitment, sustainability.

Acknowledgements.



"Green & Digital Innovation" by DHL Supply Chain

March 2023. The multinational DHL in Spain awarded us with this award in the category of **Innovation for Supply Chain Robotisation.**



"Empresa y Sostenibilidad" ("Business and Sustainability") by LEVANTE-EMV newspaper and Banco Sabadell

October 2023. We received this award in the **Environment** category.

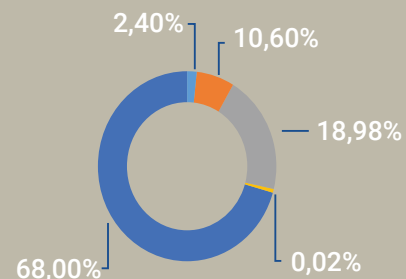
Aranco 2023.

Governance.



Distributed Economic Value (%)

- Payments to capital providers
- Salaries and employee benefits
- Public administrations
- Investments in the community
- Operational costs



Environmental.



Value generation.

MAIN FINANCIAL FIGURES	2021	2022	2023
Turnover	20.827.798,98 €	25.405.045,34 €	27.067.177,29 €
Turnover growth	27,62%	21,98%	6,50%
EBITDA	4.283.632,28 €	4.639.352,77 €	4.898.849,50 €
EBITDA growth	21,21%	8,30%	5,60%
Fixed assets	14.055.368,77 €	16.704.151,28 €	16.594.126,09 €
Net assets	7.545.981,02 €	9.173.402,44 €	9.285.047,54 €

COMPOSITION OF DISTRIBUTED ECONOMIC VALUE	2021	2022	2023
Payments to capital providers	390.870,26 €	441.684,30 €	628.417,60 €
Salaries and employee benefits	2.393.802,37 €	2.633.331,17 €	2.773.706,61 €
Public administrations	2.816.841,58 €	3.278.000,53 €	4.965.757,42 €
Investments in the community	270,00 €	4.069,84 €	4.264,51 €
Operational costs	14.626.421,71 €	18.723.451,10 €	17.792.361,00 €
Distributed wealth	20.228.205,92 €	25.080.536,94 €	26.164.507,14 €

Social.



¹As at 31 December 2023.

Five SDGs linked to our activity.

Affordable and clean energy



Renewable energy	<ul style="list-style-type: none"> ☉ In August 2023 our photovoltaic plant (Massamagrell, Valencia), with an output of 100 kW and a surface area of more than 600 square metres, came into operation. The plant provides up to 29% of the electricity consumed.
Energy saving	<ul style="list-style-type: none"> ☉ Buildings with intelligent lighting and air-conditioning control systems, and with large windows, allowing the use of natural light.

Industry, innovation and infrastructure



Industry	<ul style="list-style-type: none"> ☉ By the end of 2023 the number of Aranco wrapping machines installed at customers was 2.007 units.
Innovation	<ul style="list-style-type: none"> ☉ In 2023 we maintained the SME INNOVATIVE seal (obtained in 2014). Our own investment in innovation in 2023 was 478.773,01 euros. ☉ During 2023 Aranco secured one more patent, bringing the total number of patents held by our company to 11 at the end of 2023. ☉ During 2023 the number of Aranco people involved in innovation projects was 6 people (one person more than the previous year). ☉ During 2023 the number of hours spent on innovation projects was 8.264 hours, an increase of approximately 103% over the previous year (4.076 hours in 2022). ☉ During 2023 the Innovation Area presented the digital mailbox "Innovando junt@s" (Innovating Together), a participation tool to democratise innovation and with which the company's staff can submit innovative ideas and projects.
Digitalisation	<ul style="list-style-type: none"> ☉ Aranco has been drawing up Digitalisation Master Plans since 2017. The current plan covers the period 2022/2026.
Digitalisation, innovation	<ul style="list-style-type: none"> ☉ Aranco's Digital Area and Innovation Area accounted for 12% of Aranco's workforce by the end of 2023 (total staff of 51 people). ☉ The overall investment in the main innovation and digitalisation projects during 2022 and 2023 was 2,38 million euros. This amount includes own investment of €1,95 million and CDTI (Spanish Centre for Technological Development and Innovation) grants of just over €430.000. Three main projects: new Smart Machines, Nebula interoperability platform; new stretch films with RFID technology (Smart Films).

Decent work and economic growth



Decent work	<ul style="list-style-type: none"> ☉ In 2023 we have strengthened the People and Talent Area. This Area has promoted the Equal Opportunities Plan, Welcome Plan, Welcome Manual, Internal Communication Plan, Career Plans, flexibility and work-life balance policies, etc. ☉ In 2023 Aranco's average workforce was 48 people, an increase of 10,87% over the previous year. ☉ In 2023 the percentage of indefinite-term contracts in our workforce was 96%. ☉ Aranco offers all its employees the possibility of taking out health insurance, 60% of the cost of which is covered by the company, with access to other family members and tax benefits. ☉ Aranco has subscribed a collective pension plan with a financial institution. Aranco makes two annual financial contributions to this plan. ☉ Our staff has a corporate canteen at no cost.
Economic growth	<ul style="list-style-type: none"> ☉ Turnover in 2023 was € 27.067.177,29 -an increase of 6,5% over the previous year. ☉ Aranco France is our first subsidiary to be set up outside Spain. At the end of 2023 the process of setting up our second subsidiary (Aranco Deutschland) was initiated. ☉ In 2023 the percentage of employment generated in Aranco group companies outside Spain was 4,16%.



Five SDGs linked to our activity.

Responsible consumption and production



Reduce	<ul style="list-style-type: none"> ☑ The average reduction in film consumption that we achieve for our customers with our packaging services is approximately 67%. ☑ During 2023 we started to develop 5-micron stretch films.
Reuse	<ul style="list-style-type: none"> ☑ During 2023 the number of obsolete or damaged wrapping machines that were refurbished to extend their service life was 87.
Recycle	<ul style="list-style-type: none"> ☑ In 2023 we renewed the seal “Zero to Landfill (From Waste to Resource)” awarded by SaicaNatur and TÜV SÜD. The percentage of waste recycled or revalued in 2023 was 99,59%.



Climate action



Emission reduction	<ul style="list-style-type: none"> ☑ Our Decarbonisation Plan, currently under development, aims to make our company climate neutral by 2030. ☑ At the end of 2023 we registered our carbon footprint with the Spanish Ministry of Ecological Transition and Demographic Challenge. We obtained the “CALCULO” (“I CALCULATE”) seal. ☑ During 2023 the percentage of incidents and diagnostics on our wrapping machines resolved by our technicians remotely with no travel was approximately 25%.
Mobility, emission reduction	<ul style="list-style-type: none"> ☑ Our car fleet by end 2023 consisted of 23 vehicles, of which 16 were hybrids, one electric and six diesel. Compared to 2022, the diesel fleet has been reduced by 33%. ☑ During 2023 the average age of our car fleet was 1,69 years. ☑ Since 2023 our logistics partner has been exclusively using a 100% electric trailer truck to pick up daily orders at our site. With this new electric truck emissions are reduced by more than 21 kg CO₂ per trip (approximately ten trips per week).



Governance.

ESG risk control and management

Main risks identified and regularly monitored during 2023 through the relevant governance and management bodies:

Governance

- Regulatory compliance
- Regulatory changes
- Shortages and prices of raw materials
- Adaptation to new technologies
- Cybersecurity
- Choice of business partners
- Currency risk
- Loss of competitiveness

Social

- Attracting, retaining and developing talent
- Protection of Human Rights in our sphere of influence
- Well-being at work
- Changing tastes or preferences of customers and society in general.
- Loss of image or reputation

Environmental

- Climate change mitigation
- Circularity
- Use of sustainable materials
- Eco-innovation and adaptation to global needs
- Energy transition
- Responsible management of natural resources



Sustainability Master Plan 2022–2026

Our Sustainability Master Plan (SMP) is the framework and strategy document that establishes objectives and projects to enhance the sustainable management of our company. The Plan initially envisaged a temporary strategic development from 2022 to 2026. During 2023 we have reviewed and updated it, extending its scope with a second phase of strategic development for the years 2027 to 2030.

The main challenges for the year 2030 for our company, set out in the SMP, are as follows:

- Decarbonisation
- Strengthening our compliance and due diligence model
- Developing increasingly sustainable products and services

To achieve these three major challenges by 2030, the Plan is structured into eight main lines or axis:



Social.

Aranco with a purpose: people first

We care for people:

Pension plan

Aranco makes two annual contributions

Free daily corporate canteen

Health insurance

Aranco covers 60% of the costs. Includes access to the families of employees with tax benefits.

In-house sports facilities

Our commitment to FP Dual (Vocational Education & Training)

In 2014 we joined the FP DUAL (Vocational Education & Training), an educational modality that provides students with a professional qualification that combines the training received at an educational centre with practical and training activities in a company. This promotes the employability and direct hiring of students.

From 2014 to 2023, 19 students from three schools in our area have carried out internships in our company in this dual mode. Almost half of them (nine) joined us on permanent contracts, accounting for approximately 18% of our total staff by the end of 2023.

Main indicators:	2022	2023
Number of FP VET (DUAL) students on placements at Aranco in the year	3	3
Number of people recruited by Aranco from FP VET (DUAL) in the year	1	1
Total number of students in FP VET (DUAL) (cumulative since 2014)	16	19
Total number of people hired by Aranco from DUAL vocational training (cumulative since 2014)	8	9
Percentage of Aranco's staff coming from FP VET (DUAL)	17% ¹	18% ²

¹ For a total staff of 46 by the end of 2022.

² For a total staff of 51 people (including subsidiary Aranco France) by the end of 2023.

Talent management

Equal Opportunities Plan

Started in 2022. Implemented in 2023.

Work climate

One of our hallmarks: closeness and respect for people. We foster a working environment of trust and commitment.

Participation

We promote the participation and involvement of people with a horizontal and collaborative internal structure between people and teams.

Cross-cutting communication

We use different internal communication channels and media that all staff can use to inform and be informed. Atari is our information intranet.

Competitive wage conditions

Our remuneration system is higher than that set out in the collective agreements.

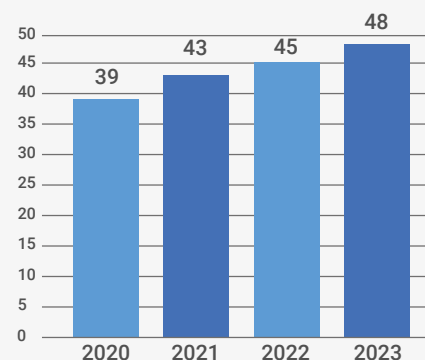
Training and development

We build up an annual training plan. In 2023 the plan themes included technical training, regulatory compliance, occupational health and safety, languages, cybersecurity and sustainability management, among others.

Career Plans

In 2023 we implemented personalised career plans for the people in charge of Aranco's areas, with the aim of understanding the needs and expectations of each manager in the coming years and aligning them harmoniously with the objectives of our Strategic Plan.

Evolution of the average staff



Environmental.

Recycle

Zero to Landfill seal

In December 2022 we obtained for the first time the "Zero to Landfill (From Waste to Resources)" seal, issued by SaicaNatur and TÜV SÜD. This seal recognises those companies that manage to recycle or energetically revalue more than 95% of the waste generated.

In 2022 we were the first company in the industrial packaging services sector to achieve this seal.

In 2023 we renewed the "Zero to Landfill" seal, improving the percentage of recycling or energy revaluation of the waste generated at our Masamagrell facilities.

Percentage of waste recycled or reused for energy recovery:

98,78%
in 2022

99,59%
in 2023



Reuse

Restoration of wrapping machines

Reuse is an inherent part of our business and we take it into account in the design and manufacture of our stretch wrapping machines and in the production of our stretch films. In 2023 we reached our highest number of refurbished wrapping machines in recent years, with a total of 87 units.

	2022	2023
Wrapping machines restored	58	87

Reduce

Low carbon services

Our main environmental commitment is the development of a business model that offers low-carbon products and services.

Actions to reduce emissions:

- ⊙ Eco-innovative and eco-efficient packaging services.
- ⊙ Digitalisation, RFID technology, productivity improvement.
- ⊙ Less consumption of resources by reducing film micronegative: more than 70% of the films we put on the market are 6 or 7 microns, and in 2023 we have started to develop 5-micron films.
- ⊙ Remote assistance from our online technicians, who resolve up to 25% of repairs and diagnostics without the need for travel (all our wrapping machines are connected).
- ⊙ Average 67% reduction in film consumption.
- ⊙ More sustainable mobility of our technicians and vendors, with efficient route design using AI.
- ⊙ Development of low-micron stretch films with PCR recycled content (min. 30%).
- ⊙ Renewal of the diesel car fleet with hybrid and electric vehicles.
- ⊙ Design and manufacture of wrapping machines with lower consumption of resources and materials, avoiding aesthetic elements and superfluous packaging and prioritising durability, reparability, efficiency and lower weight for more efficient transport.
- ⊙ Smart logistics with emission-reducing transport partners.
- ⊙ Remote meetings.
- ⊙ Teleworking.

Environmental.

Corporate carbon footprint

In 2023 we calculated the mandatory scopes 1 and 2 of our carbon footprint.

For the calculation of the emission intensity ratios, we used turnover and number of employees. Both ratios, linked to the activity and size of our company, clearly show the efficiency of the implemented actions. In both cases the ratios for 2023 show an improvement in values compared to the previous year 2022.

Total carbon footprint	2022	2023
Scope 1 + Scope 2 (Tn CO ₂ eq)	190,416	181,547
Efficiency ratios:		
Efficiency ratio: turnover	2022	2023
Tn CO ₂ eq/1M€	7,495	6,707
Efficiency ratio: employee	2022	2023
Tn CO ₂ eq/employee	3,9671	3,7823



Photovoltaic plant

In August 2023 our photovoltaic plant went into operation. We plan that approximately 30% of our facilities' electricity consumption will come from the PV plant. This self-consumption of electricity (our main source of energy) will further reduce our carbon footprint in the coming years.

Of the more than 364.000 kilowatts of electricity consumed at our facilities in 2023, 35.000 kilowatts came from the PV plant.

Mobility and logistics with lower emissions

During 2023 we continued to renew our vehicle fleet. The average age of our cars in 2023 was 1,69 years and our logistics provider started using a 100% electric trailer truck for the daily collection of our orders at our central warehouse in Massamagrell (Spain), with a reduction in emissions of 21 kg CO₂ per trip (approximately 10 trips per week).

Vehicle fleet in 2022	Diesel	Petrol	Electric	Hybrid
Cars	9	0	0	10
Forklifts	0	0	5	0
Vehicle fleet in 2023	Diesel	Petrol	Electric	Hybrid
Cars	6	0	1	16
Forklifts	0	0	6	0



Aranco



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