

Results

Environmental Risks and Opportunities Assessment



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Global Factor International Consulting, S.L.U.

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Context on the Environmental R&O Assessment

Project objectives:

- ✓ Identify physical and transitional risks and opportunities related to **pollution, water and marine resources, biodiversity and ecosystems, resource use and circular economy**, and assess the impact they may have on Tubacex's activities.
- ✓ Update the **climate-related** risks and opportunities assessment and estimate its (current and projected) financial impacts.

Main work phases





Assessment results by environmental aspect

BIODIVERSITY

High-priority physical risks



Risk driver	Risk name	Potentially affected (material) sites	Time horizon
Water scarcity (hydrological)	Ecosystem degradation and species loss due to pollutants in water bodies.	TTI Amurrio, TTI Llodio, SBER Ternitz	-Short, medium, and long term
	Ecosystem degradation and species loss due to intensive water use	TTI Llodio, SBER - Ternitz	Short, medium, and long term
Exacerbation of climate change	Loss of species due to GHG emissions.	TTI Amurrio, TTI Llodio, SBER Ternitz	-Medium and long term

High-priority transition risks



Risk driver	Risk name	Potentially affected (material) sites	Time horizon
Reputational	Changes in societal or stakeholder perception due to competition for natural resources	Tubacex Group	Short term
Market	Reduction of the ESG valuation of the company	Tubacex Group	Short term

High-priority opportunities



Type of opportunity	Risk name	Potentially affected (material) sites	Time horizon
Resource efficiency	Energy efficiency of processes	Tubacex Group	Short term
Energy source	Improved ESG assessment of the company	Tubacex Group	Medium term

CLIMATE CHANGE

High-priority physical risks



Climate hazard	Risk name	Potentially affected (material) sites	Time horizon
Water scarcity (hydrological)	Decreased availability of water for industrial processes	ACVA AMURRIO	Medium term
		TTI AMURRIO	
		TTI LLODIO	

High-priority transition risks



Risk driver	Risk name	Potentially affected (material) sites	Time horizon
Current policies	Tightening carbon pricing mechanisms	Acería de Álava (Spain)	Short term
	Value chain cost pass-through from the introduction of a new emissions trading scheme (EU ETS II)	Tubacex Group (esp. sites in the European Union)	Short term
	High dependence on fossil-fuel generated electricity	Tubacex Group (esp. Italian sites IBF Piacenza and Vittuone)	Short term
	Increased import requirements for materials by CBAM and poor availability of information from suppliers.	Tubacex Group (esp. sites in the European Union)	Short term

High-priority opportunities



Type of opportunity	Risk name	Potentially affected (material) sites	Time horizon
Resource efficiency	Improving waste management	Tubacex Group	Short term
	Energy efficiency of processes	Tubacex Group	Short term
Energy source	Use of cleaner energy sources	Tubacex Group	Short term

POLLUTION PREVENTION AND CONTROL

High-priority physical risks



Risk driver	Risk name	Potentially affected (material) sites	Time horizon
Noise nuisance	Noise pollution	TTI Llodio, TTP Umbargeon	Short term
Failure of the depuration system	Pollution from discharges into water systems	TTI Llodio, TTP Umbargeon	Short term

High-priority transition risks



Risk driver	Risk name	Potentially affected (material) sites	Time horizon
Reputation	Increased stakeholder concern about pollution and pollution prevention and control	Tubacex Group	Medium term

High-priority opportunities



Type of opportunity	Risk name	Potentially affected (material) sites	Time horizon
Resource efficiency	Implementation of new BAT (Best Available Techniques) to reduce environmental impact.	Tubacex Group	Short term
Products and services	Increased demand for more sustainable products and services	Tubacex Group	Short term
Reputation	Increased transparency of environmental practices and policies stemming from the CRSD disclosure obligations	Tubacex Group	Short term

TRANSITION TO A CIRCULAR ECONOMY

High-priority physical risks



Risk driver	Risk name	Potentially affected (material) sites	Time horizon
Resource security	Dependence and availability of raw materials (critical)	ACVA – AMURRIO (Chrome)	Medium term
Environmental externality of waste management	Environmental impact of waste	TTI – AMURRIO (waste from out-of-use paint lots) IBF – ITALIA (sludges from on-site effluent treatment)	Medium term

High-priority transition risks



Risk driver	Risk name	Potentially affected (material) sites	Time horizon
Regulation	Increased reporting obligations on aspects related to the Circular Economy	Tubacex Group	Short term
Market	Geo-Political Risks in the supply of raw materials and consumables	Tubacex Group	Medium term
Regulation	Empowering Consumers for the Green Transition	Tubacex Group	Short term

High-priority opportunities



Type of opportunity	Risk name	Potentially affected (material) sites	Time horizon
Efficiency	Improving slag waste management	Tubacex Group	Short term
Resilience	Increased recycling content	Tubacex Group	Short term
	Improvement of Refractory waste management	Tubacex Group	Short term
Efficiency	Circular Production	Tubacex Group	Short term

SUSTAINABLE USE AND PROTECTION OF WATER RESOURCES

High-priority physical risks



Risk driver	Risk name	Potentially affected (material) sites	Time horizon
Water stress, drought and water quality degradation	Ecosystem degradation and species loss due to intensive water use.	SBER - TERNITZ	Short, medium, and long term

High-priority transition risks



Risk driver	Risk name	Potentially affected (material) sites	Time horizon
Reputation	Changes in societal or stakeholder perception due to competition for natural resources	Tubacex Group	Short term

High-priority opportunities



Type of opportunity	Risk name	Potentially affected (material) sites	Time horizon
Resource Efficiency	Optimisation of water consumption	Tubacex Group	Short term
Reputation	Valuation improvements	Tubacex Group	Short term

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attention!



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