

BEFESA

Befesa Zinc Aser

Environmental Statement 2007

The validated version of this document is the Spanish version of the Environmental Statement for 2007 verified and validated by Lloyd's Register Quality Assurance on May 6th, 2008.



The Integrated Management System (Quality and Environment) operating in Befesa Zinc Aser is certified, among others, by the International Standard ISO 14001:2004 and meets the requirements of Regulation (CEE) N° 761/2001, Community System of Ecomanagement and Ecoauditing.

The preparation and publication of an Environmental Statement are among the additional requirements demanded in the said Regulation. The content of this Environmental Statement must be validated by an independent, accredited Environmental Verifier.

This report was validated by Lloyd's Register Quality Assurance (N°: E-V-0006) in May 2008.

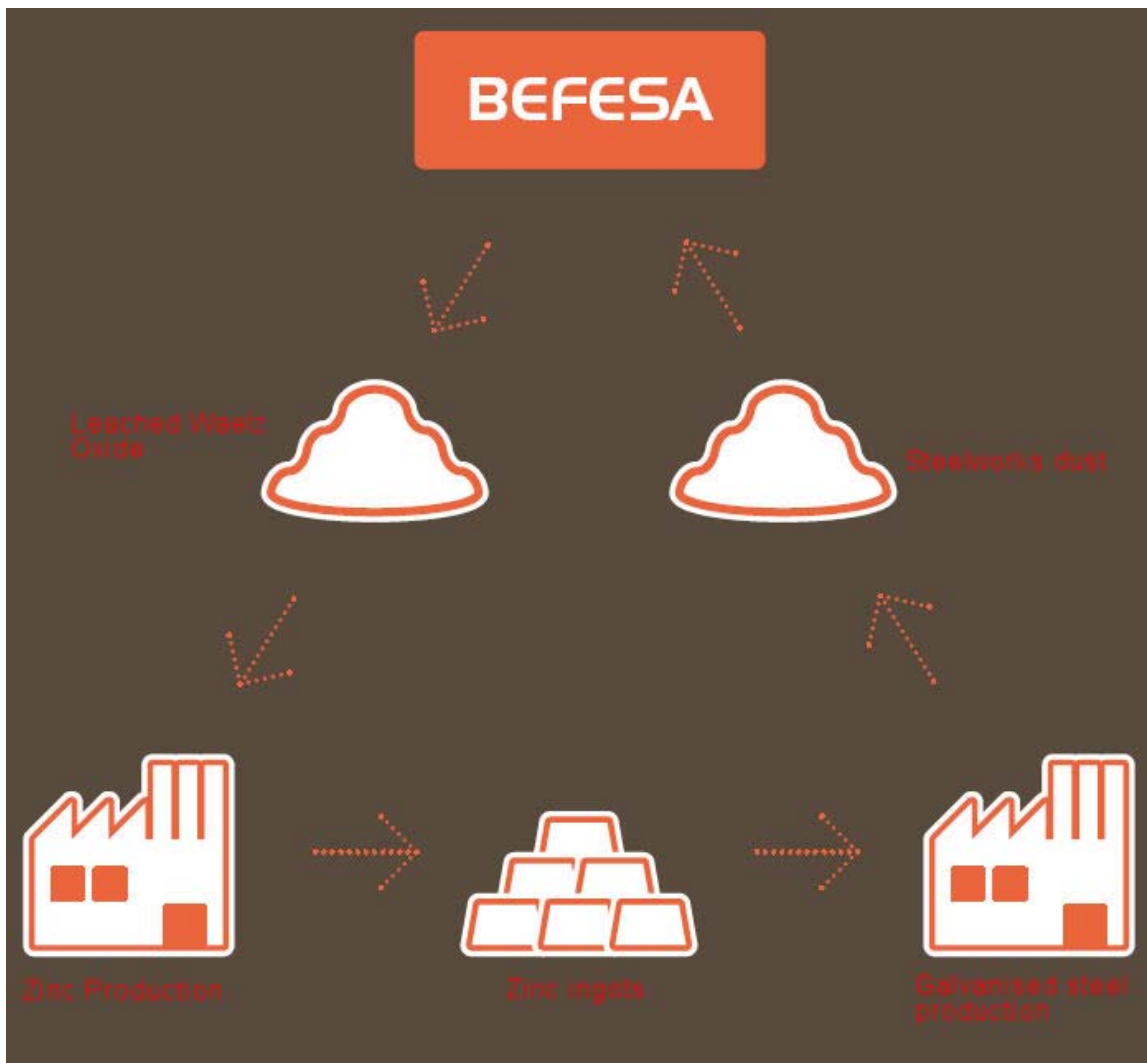
The data provided in this statement are from 2007. Classification CNAE: 37.100



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Galvanised steel zinc recycling circuit



01 Description of the Company's Activity.

The activity of Befesa Zinc Aser, S.A. is recovery and recycling.

Befesa Zinc Aser, owned by Abengoa, is located close to Bilbao and is the only plant in Spain for recycling of the dust generated in steelworks with electric arc furnaces, recovering the zinc and the lead that they contain. Since 1987, the year in which our industrial began activity, we have recycled more than 1,900,000 wet tonnes of steelworks dust, recovering for various applications more than 700,000 wet tonnes of concentrates of zinc and lead-Double Leached Waelz Oxide (D-L.W.O.).

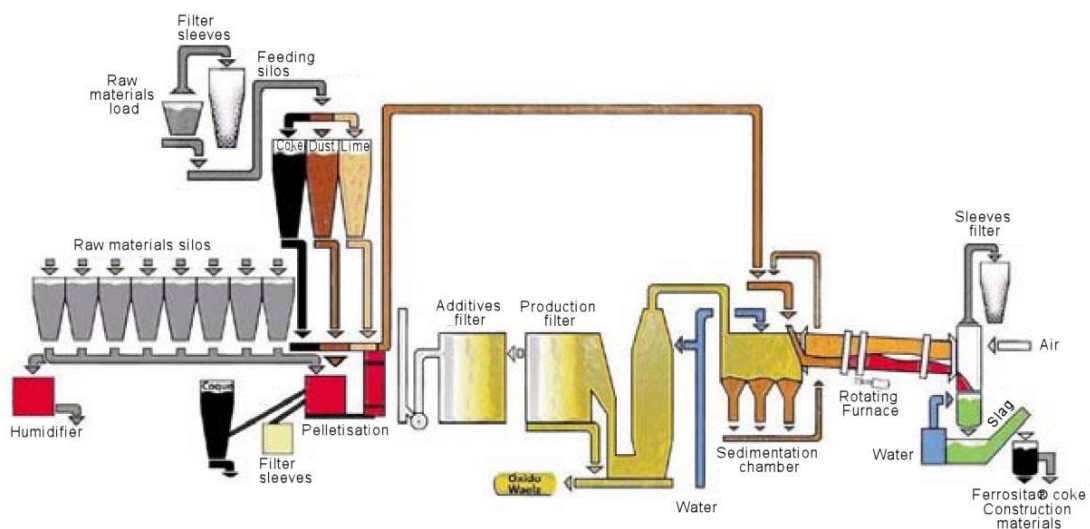
This activity has a double environmental benefit: on one hand it avoids the pollution caused by tipping the steelworks dust and on the other it is an inexhaustible source for obtaining metals compared with mining extraction, consequently prolonging the pace of exhaustion of the resources of the planet.

The process of recycling and recovery as carried out in Befesa Zinc Aser is by means of two processes: one pyrometallurgical, "the Waelz process", and the hydrometallurgical, "the Double Leaching Waelz Oxide" process. Both processes are considered as BAT (Best Galvanised steel zinc recycling circuit Available Technology) in the "Reference Document for the Best Available Technologies for Non-Ferrous Metallurgy" prepared at the request of the European Commission.

The residual dusts of the steelworks are fed into a Waelz furnace where the necessary reduction/oxidation reactions are produced to separate the heavy metals, fundamentally Zn and Pb, which are reoxidised forming the Waelz Oxide, of the rest of the elements of the steelworks dusts.

These other elements, fundamentally oxides of iron, lime and silica, give rise to non-ecotoxic inert slags which, when transformed, make up a sub product called Ferrosita®, with a diverse number of applications such as natural aggregate and filling material in the construction industry.

Waelz Plant diagram.



The Waelz Oxide is transported by the gaseous current that flows from the furnace to the gas leaching system, consisting of a sedimentation chamber, a conditioning tower, an electrofilter and a sleeve filter.

The leached gases are evacuated through the chimney with continuous measurement of the presence of particles, thus complying with the environmental regulations applicable to the Company.

When the W.O. has been captured, it undergoes a process of lixiviation, to eliminate the halogens (predominantly chlorides) and the alkalines that it contains.

The water used in the lixiviation process is pumped to the water treatment plant where it undergoes a physical-chemical treatment that causes the precipitation and separation of the residual metals.

The Waelz furnace process in Befesa Zinc Aser has a Zn recovery level of more than 90%, while the Double Leaching is capable of eliminating more than 95% of Cl content, this producing a leached Waelz Oxide.

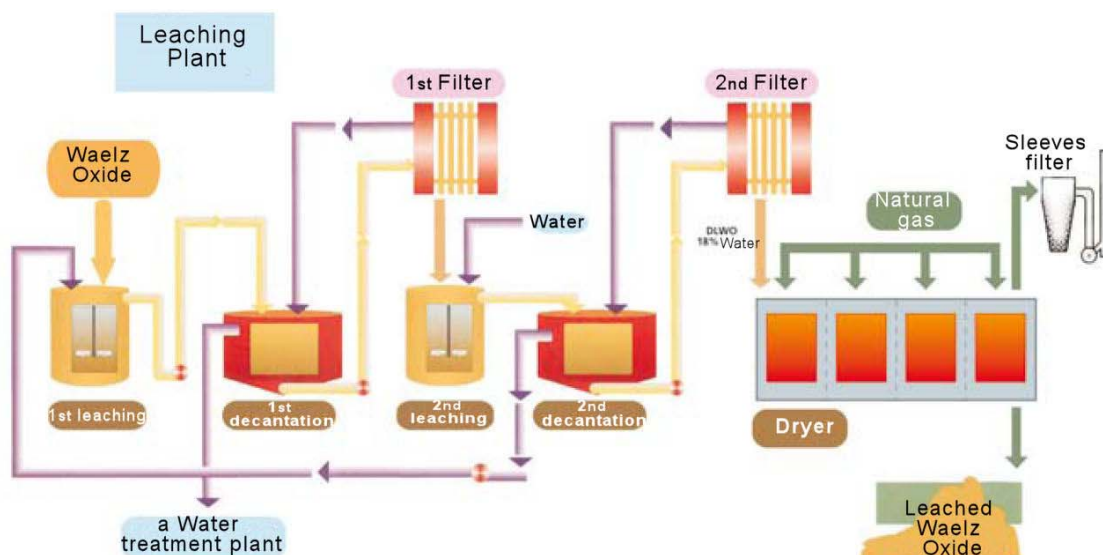
This Double Leached Waelz Oxide, called D-L.W.O., can be used in zinc and lead pyrometallurgical or in electrolytic zinc companies.

These requirements and the operations carried out to ensure the quality of our products, processes and services are managed through our Quality Management System with ISO 9001 certification, since 1995 by Lloyd's Register Quality Assurance.

As our activity is aimed at the conservation of natural resources and the protection of the environment, we feel that it is necessary to do it with the least possible local environmental impact. Being aware of this necessity we decided in 1995 to introduce an Environmental Management System. On 25 February 1997 we obtained the ISO 14.001 certification through the services of Lloyd's Register Quality Assurance. The certificate number for both Management Systems is SGI 1942018.

Later, in June 1998, Befesa Zinc Aser voluntarily joined the Community System of Ecomanagement and Ecoauditing with registration number ES-EU-000002.

Diagram of the Waelz Oxide Lixiviation Plant.



02 Integrated Management System.

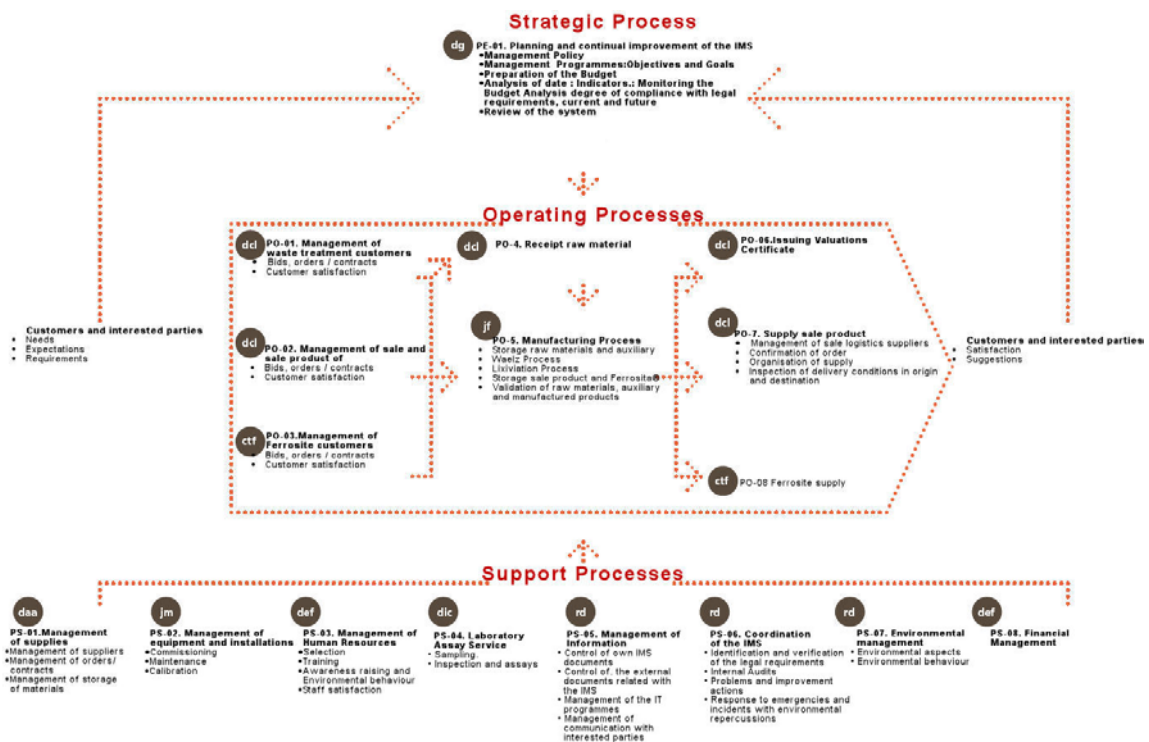
The Integrated Environmental Management System introduced in Befesa Zinc Aser has three main objectives:

- The commitment to comply with the legal and other requirements that apply to this installation.
- To carry out our recycling activity in a manner that respects the environment, paying special attention to activities and products that could involve risks to the environment.
- Continual improvement from the environmental point of view.

These bases come from the guidelines set by our management policy and their development is to be seen in the processes identified by the company.

Each process is defined by different flows of the activities and managers who make it up as well as its input and output elements.

Map of Processes.



Chapter 4. Management Policy

Revision nº: 0 Date: 12.11.07

The activity of Befesa Zinc Aser, S.A. and Befesa Zinc Comercial, S.A. is centred on the recovery of zinc and lead from the residual dusts of electric arc furnace steelworks and foundries, obtaining a quality product with high zinc and lead content.

With this Policy, both companies state that their objective that their products, services, systems and processes are performed with an orientation of the full satisfaction of all customers, in harmony with the environment and surroundings, in safe and salubrious working conditions for its workers.

This Policy is based fundamentally on the following aspects:

- The commitment to comply with all existing legislation at all times and with other commitments that the companies subscribe to and other requirements applicable to this installation in all its activities.
- The commitment to reduce the environmental impacts by means of a programme of continual improvement, in accordance with the economically viable application of the best available technology.
- The commitment to improve continually in the products and services that the market demands. The organisation working with this aim in mind in order to meet the needs, expectations and requirements of our customers and interested parties.
- The commitment, by each and every one of us, to work safely, the latter being involved in the development of products and services.
- The maintenance of the Integrated Management System that has been introduced, in accordance with standards ISO 9001, ISO 14001 and the EMAS Regulation.

In particular Befesa Zinc Aser and Befesa Zinc Comercial undertakes to:

- ❖ Evaluate, control and reduce the level of atmospheric emissions, liquids spills, noise and polluting waste and to improve the visual impact and dust in its installations, to a reasonably possible degree, especially for new projects.
- ❖ Manage properly the use of energy, water and the movement of raw materials.
- ❖ To have and maintain Emergency Plans and Self Protection Plans for the monitoring of the health of its workers and the environment.
- ❖ Co-operate with appropriate organisations for the protection of the Environment.
- ❖ Integrate an Occupational Health and Safety Plan in all hierarchical levels of both companies. This implies the terms of reference and assumption by each and every one of the obligation to include the issue of occupational health and safety in any activity undertaken and in all decisions to be adopted.
- ❖ Carry out the Prevention activity in accordance with the Occupational Health and Safety Plans, Risk Evaluations and the objectives and goals put forth.
- ❖ Make it possible for any member of the staff of the companies to report his concerns.
- ❖ Supervise and keep in good condition the boundaries of the company.
- ❖ Assign rational human and material resources for the control of the various services, systems and processes.

Therefore, Management of Befesa Zinc Aser and Befesa Zinc Comercial will be responsible for:

- Communicating this Policy to all employees, sub-contractors and suppliers implementing and maintaining it at all levels of the organisation.
- Communicating to the organisation the importance of meeting both the customer's requirements and the legal and regulatory requirements.
- Developing training plans among the employees with the aim of increasing their preparation and motivation with respect to the good development of their work in correct harmony with the environment.
- Providing suitable information about the manufactured products and drawing up Environmental Reports to be published annually, in setting out the Policy and the objectives.
- Supervise the health of its workers and the continual improvement of the health and safety conditions of the work place. It is the responsibility of Management in each company to achieve a safe and salubrious environment for its workers.

It is necessary therefore, for every single one of us who work in Befesa Zinc Aser and Befesa Zinc Comercial to identify with the policy set out here. As a consequence, all the work force of Befesa Zinc Aser and Befesa Zinc Comercial must take an active part to the limits of their possibilities in the Integrated Management System.

Approved by GD
Signed

03

Summary of Objectives and Programmes 2007.

Every year the Management Committee selects a series of objectives and goals with the aim of advancing towards continual improvement in our installation.

During 2007 work has been done on twelve improvement objectives. The people in charge of each of them drew up specific Objectives Files to reach the associated goals.

Below we describe the improvement objectives of that work that has been done in 2007 and a summary of their corresponding environmental programmes.

A 50% reduction in losses of material in the pelletisation trammel.

All equipment has been replaced in accordance with the needs of the new furnace, but once installed it was found that their capacity is not sufficient for a feed of 30 tonnes/hour, so it is necessary to install equipment with greater capacity. Finally, a vibro feeder has been installed to replace the feed tube, which generated the jams and the losses. Objective closed satisfactorily. Increase in raw material treatment capacity. Installation and commissioning have been completed on the new larger Waelz furnace (4.4 x 65m.). In 2007 the increase in capacity has been verified surpassing the treatment capacity set as an objective. Objective closed satisfactorily.

Adaptation to the IPPC standard.

The application for Environmental Integrated Authorisation was published in the Official Gazette of the Basque Country on 3 February 2006 for public presentation. In November the Authorisation Proposal was received and since then work has been done on drawing up the claims. Finally, the resolution of the Basque Government was received in August 2007 and was published in the Official Gazette of the Basque Country in October 2007. Objective closed satisfactorily.

Modernisation of the gas cooling process of the Waelz furnace.

A Spillback water cooling system has been assembled and put into operation. Its operability was verified during 2007. In particular, the conditioning tower has been upgraded, the output pipe of the chamber and the water sprayer system. Objective closed satisfactorily.

Reduce the quantity of hazardous waste produced.

On the one hand, the goal of this objective is to reduce by 25% the quantity of plastics and big bags compared with the mean for 2005 and 2006. The possibility of a deduction by the supplier of the waste was evaluated but was not considered appropriate. On the other hand minimisation operations have been performed by mechanical means of dust attached to plastics, nor has this proved influential. Furthermore, a correlation study between the amount of waste and the quantity of the residue received in this format is being carried out. Finally, alternatives for the minimisation in the installation and/or reuse in the process are being assessed. Increase the actual capture of rainwater and its use in the lixiviation process.

An airtight storage box and its connection to the current capture system has been designed, purchased and assembled. Thus, it will have a new rainwater collection point in the shed area at the rear of the office building and workshop, making a total of 7 connection points.

Objective closed satisfactorily.

Improvement in the operational control and installations by replacement and improvement of certain equipment.

At first, alternatives to the exterior re-pulper and several IT maintenance control systems were evaluated.

The exterior re-pulper has been cancelled as there is no need for an alternative installation.

The selected IT maintenance control system is Coswi, but due to problems with the supplier in supplying the server is delaying its installation, which is expected to be completed in 2008.

Improve the quality of the air in the plant, reducing the diffuse emissions in the loading area originating from various equipment and activities.

A study on the origin of the diffuse emissions in the loading areas and proposals of improvement actions, specifying different solutions depending on the origin of the problem has been carried out. Durante 2007 a large number of the abovementioned solutions have been implemented and will continue in 2008.

Adaptation to all the requirements of the Integrated Environmental Authorisation (IEA).

A working group has been set up and it has identified all the new requirements required by the IEA. In 2008 it is expected to obtain compliance of all new requirements and the final resolution of the IEA.

Elimination of the focus of emission of slag, incorporating this emission into process.

New actions for the channelization and capture of vapours at said point have been carried out. Thus, the focus of the sporadic operation of the emission of steam originating from the cooling of the slag by its capture and conduction to the process through the blower of the sleeves filter will be eliminated. During 2008 the operation of the system is expected to be verified.

Search for new commercial applications for Ferrosite®.

Studies have been carried out for the application in the ceramic sector, in the prefabricated concrete sector and in the agglomerated asphalt sector. During 2008 it is intended to perform tests on a pilot or industrial scale for one of these applications. Reduce the humidity of the D-L.W.O product. A goal to obtain a (DLWO) product with a humidity average of less than 13.5% has been set. Thus, the recirculation of air in the dryer has been increased, as well as the working temperature range and the number of lighters has been increased. With all this, sufficient heat has been used and generated in order to vaporize a larger quantity of water and reduce the moisture content of the product until reaching the desired level. Objective closed satisfactorily.



04 Environmental Aspects

The reason for drawing up a register of significant environmental aspects is to identify the main areas of work so as to minimise the environmental impact of the Company, to ensure the continual improvement and the awareness-raising and training of the work force.

The identification and evaluation system of environmental aspects has been integrated into a data base. The new implemented system identifies the aspects by process/activity. The identification includes direct and indirect aspects, as well as normal and abnormal operational situations, incidents and emergencies. The criteria applied in Befesa Zinc Aser to assess the significance of the environmental aspects of incidence and emergency situations are:

- Probability (prevention measures and level of exposure).
- Seriousness.

The criteria applied in Befesa Zinc Aser to assess the significance of the environmental aspects of normal and abnormal operating situations are:

- Magnitude/Frequency.
- Nature.
- Closeness to limits.
- Extent/Scope/Reversibility.

The significant direct environmental aspects resulting from the assessment of all the environmental aspects in 2007 are as follows:



A. Normal operating situations

Consumption of energy resources. Coke and anthracite. Natural gas.

The significance of this aspect is due to the significant quantity consumed and to its nature as an energy resource that is hard to reverse. However, it is an essential resource for the operation of the production process and its control is adjusted to the real needs of the same. For that reason, it is not necessary to set any objective for improvement, although an objective has been set for maintenance of the level of consumption per quantity of raw material treated in the furnace.

Consumption of Dangerous QPs. Quicklime.

The significance of this aspect comes principally from the significant increase in its consumption and by the increase in its consumption compared to the previous year. The consumption depends of the basicity of the wastes treated, i.e., on the quantity of Ca, Si and Mg that they contain. Thus, fluctuations in the specific consumptions in the process are considered normal due to the variability of the chemical composition of the wastes that are received. So it is not thought necessary to set an improvement objective.

Spillage of dust to own land.

This aspect is significant because the transport and storage of process materials are done principally in bulk. That generates the spillage of dust to own land and its dispersion within the plant by the vehicles used for transport in the interior of the plant. Its quantification is difficult to decide. However, this aspect is managed with minimisation and prevention practices such as periodical cleaning with a sweeping machine of the area used by vehicles and the flooring of all storage and transit areas. These management practices are considered appropriate and thus it is not thought necessary to set a specific improvement objective. In any event, this aspect will be affected positively with the achievement of other objectives set out below.

Dispersion of dust. Under cover.

The significance of this aspect is due Principally to the dispersion of dust in the pelletisation zone (trommel). Its quantification is difficult to decide. An improvement objective has been set and worked on to minimise this aspect. To improve the quality of the air in the plant, reducing the diffuse emissions in the loading area originating from various equipment and activities.

Generation of hazardous waste.

Non-metallic packaging and containers that have contained hazardous waste. This aspect is significant due to the nature and quantity of this waste that is generated. The main origin of this waste is big-bags and plastics used for the transport of the raw materials received. An objective has been set and worked on for its minimisation: reduce the quantity of hazardous waste produced, especially the plastics and big-bags.

B. Abnormal operating situations.**Generation of hazardous waste. RCD.**

This aspect is significant because of the quantity of this waste generated in 2007 and the increase in its generation compared to the previous year. The cause of the generation of this waste is the construction of the new offices. This is waste that is generated only when construction and/or demolition activities are carried out and in these cases it is delivered to an authorised handler. Considering its sporadic and irregular generation and its delivery to an authorised handler, it is not thought necessary to set any improvement objective.

C. Incidence operating situations.**Dispersion of dust. Under cover.**

This aspect is significant because the prevention measures are improvable and the level of exposure is continual. So an improvement objective has been set. To improve the quality of the air in the plant, reducing the diffuse emissions in the loading area originating from various equipment and activities. No identified indirect environmental aspect proved significant after its evaluation. In any event, management practices are being performed on some of them.



05 Objectives for 2008.

The improvement objectives initiated in previous years that are still running in 2008 according to deadlines are:

Objective	Deadline
Reduce the quantity of hazardous waste produced by 25%.	2008
Improvement in the operational control and installations by replacement and improvement of certain equipment.	2008
Improve the quality of the air in the plant, reducing the diffuse emissions in the loading area originating from various equipment and activities reaching <math><100 \text{ g/m}^3</math>.	2008
Elimination of the focus of emission of slag, incorporating this emission into process.	2008
Search for new commercial applications for Ferrosita®.	2008

The improvement objectives that require special actions and that have been approved to start in 2008 are:

Objective	Deadline	Reason for selection
Optimisation of the flows of reception and outgoing materials in plant. Reduction of time spent by lorries in the plant.	2009	Improvement in process
Increase in capacity and versatility of the plant silos: - Increase of the supply feed by line of dust to the furnace - Increase the capacity of the external dust humidifier when the silo plants are operating.	2009	Improvement in process
Elimination of industrial spillage into the public system.	2009	Improvement in environmental behaviour
Improvement in operational control: - Improvement in the dosification of the sodium bicarbonate. - Improvement in the electronic control of the electrofilter.	2009	Improvement in process and environmental behaviour
Increase in capacity and versatility of the water supply.	2009	Improvement in process

Also, other maintenance or improvement objectives have been set in the process indicators that do not require special actions of entity for which reason they are not shown as objectives in the management programme. These indicator objectives are shown in the data base of the Integrated Management System.

06

Environmental behaviour of the Company.

A. Emission of Pollutants

Emission to the atmosphere.

Befesa Zinc Aser has a chimney in the Waelz plant that incorporates an opacimeter that indicates and continuously records the opacity and quantity of solid particles emitted to the atmosphere. The leaching system of the Waelz plant consists of a cooling tower, an electrostatic filter and a new sleeve filter with incorporation of additives.

Samples have been taken of the emissions in each chimney by an approved laboratory analysing the compounds required at any time by the Toxic and Hazardous Waste Handler Authorisation (N° EU/2/001-90) of Befesa Zinc Aser. The reports of these measurements are sent periodically to the Basque Government.

Tables reflect the values measured in 2007 of the parameters limited in the Authorisation and its comparison with maximum permitted limit values.

Waelz Plant Chimney. Values measured (2007)

Parameter	Units	Limit Value	1	2	3	4	5	6
Solid particles	mg/m ³ N	50	<5	<5	<5	<5	<5	<5
SO ₂	mg/m ³ N	300	<29	<29	<29	<29	<29	<29
Pb+Cr+Cu+Mn	mg/m ³ N	5	0.023	0.020	0.028	0.158	0.082	0.026
Ni+As	mg/m ³ N	1.00	0.000	0.000	0.000	0.007	0.000	0.000
Cd+Hg	mg/m ³ N	0.20	0.000	0.000	0.000	0.000	0.000	0.000

Considerations for the values and calculations:

The values shown refer to data obtained in the measurements made by the approved laboratory. Following one of the criteria set in Monitoring BREF "Reference Document on the General Principles on Monitoring"

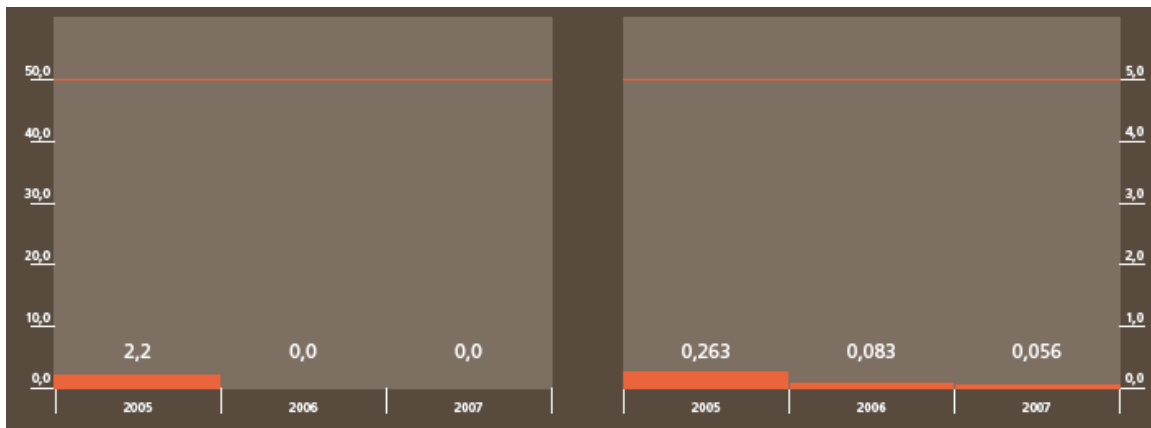
published in July 2003, the values below the detection limit were taken as 0 in performing calculations with them. The annual average is made only considering the measured values

It can be seen that the limits set for all the parameters have been met.

Next graphs below show the evolution of the annual averages for the parameters in which their values have some relevance.

Total particles

Pb + Cr + Cu + Mn



- Annual average value
- Limit Value

The graphs show very low values with respect to the limit set with slight fluctuations that are considered normal bearing in mind such a low level emission.

However, it is important to mention the decrease in particles and metals observed in the chimney of the Waelz plant due to the putting into operation of a new sleeve filter.

Spillage into the Asúa Ría.

The Lixiviation plant generated a spillage of 198.712 m³ in 2007. These waters underwent a process of physical-chemical leaching in the Water Treatment Plant of Befesa Zinc Aser where the metallic compounds that they might contain were leached out. Metallic sludge was removed from the effluent.

Every quarter samples are taken of this water for analysis in an approved laboratory analysing the compounds required at any time by the tipping Authorisation of Befesa Zinc Aser. The reports of these measurements are sent periodically to the Basque Government.

Also the plan for monitoring and control of the receiving medium continues to run every quarter.

Tables reflect the values measured in 2007 of the parameters limited in the Authorisation and its comparison with maximum permitted limit values.

Values measured 2007

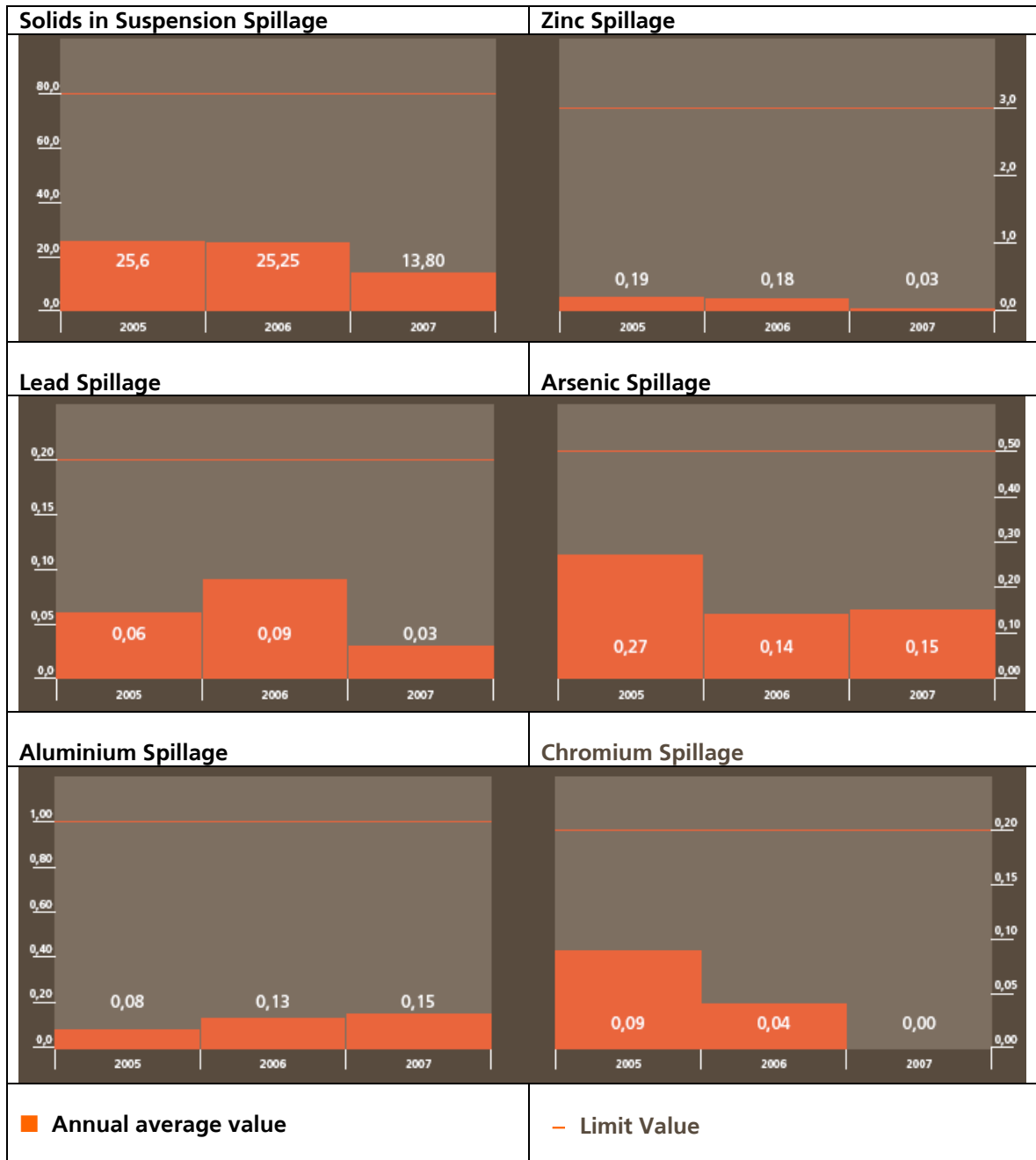
Parameter	Units	Limit Value	1	2	3	4
pH	-	5.5-9.5	9.45	9.30	9.06	9.11
Coarse floating solids	-	absence	absence	absence	absence	absence
Floating oils and fats	-	absence	absence	absence	absence	absence
Colour (dilution 1/20)	-	inappreciable	inappreciable	inappreciable	inappreciable	inappreciable
Sedimentary Solids	ml/l	0.5	<0.1	<0.1	<0.1	<0.1
Solids in Suspension	mg/l	80	26	3	10	16
Lead	mg/l	0.2	0.1	<0.05	<0.05	<0.05
Zinc	mg/l	3	<0.05	<0.05	<0.05	<0.10
Aluminium	mg/l	1	0.28	0.27	0.05	<0.05
Arsenic	mg/l	0.5	<0.05	0.22	<0.02	0.37
Cadmium	mg/l	0.2	<0.02	<0.02	<0.02	<0.02
Total Chromium	mg/l	0.2	<0.05	<0.05	<0.05	<0.05
Copper	mg/l	0.2	<0.05	<0.05	<0.05	<0.05
Iron	mg/l	2	<0.05	<0.05	<0.05	<0.05
Manganese	mg/l	2	<0.05	<0.05	<0.02	0.07
Mercury	mg/l	0.05	<0.05	<0.01	<0.01	<0.01
Nickel	mg/l	2	<0.05	<0.04	<0.04	<0.05

Notes. Considerations for the calculation of the averages.

The values shown refer to data obtained in the measurements made by the approved laboratory. Following one of the criteria set in the Monitoring BREF "Reference Document on the General Principles on Monitoring" published in July 2003. The values below the detection limit were taken as 0 in performing calculations with them. The annual average is made only considering the measured values.

It can be seen that the limits set for all the parameters have been met.

Next graphs below show the evolution of the annual averages for the parameters in which their values have some relevance.



The graph shows values of solids in suspension stabilised around 15-25 mg/l that are considered normal and characteristic of the effluent treatment installations with which Befesa Zinc Aser operates (Densadeg Decanter with dosification of flocculent-coagulant).

The graphs show values with slight fluctuations that are considered normal and characteristic of the lixiviation process bearing in mind the nature of our spillage. That is to say, the spillage present these elements principally as cations but a part may be in the form of anions which makes it impossible to precipitate them with sulphur. So, the variability of these elements within a small range is normal.

B. Management of generated waste.

Non-hazardous industrial wastes.

Befesa Zinc Aser is registered in the Registry of Inert Industrial Products.

The RAU (solid waste, similar to that produced within an urban environment) are selectively collected in a container controlled tip by an Authorised Handler.

The paper and cardboard are selectively deposited in special containers and are collected and recycled by an authorised company.

The scrap metals are taken and classified at the scrap metal selection point from where they are sent to plants for recycling.

The firebricks such as the rubber tapes and RCD generated sporadically are sent to an authorised handler.

The toners and cartridges from printers and photocopiers are stored in a specific place and are sent to an authorised handler for recovery.

Hazardous wastes.

During 2007 the integrated management of all hazardous waste was consolidated with a single authorised handler except where the characteristics prevent this, in which case it is delivered to an appropriate authorised handler.

For the first time, in 2007, used grease was sent to the authorised handler.



Wastes evolution.

Hazardous waste	2005	2006	2007	Non-hazardous waste	2005	2006	2007
Used oil (Kg.)	911	440	1,120	RAU in container (m³)	220	350	190
Fluorescent tubes (Kg.)	50	83	103	Paper and cardboard (Kg.)	1,600	1,480	1,340
Filters and hoses with oil (Kg.)	165	152	179	Scrap metal (Mt.)	96	326	71
Gloves and cloths with oil and grease (Kg.)	47	86	149	Fire brick (MT.)	0	30	0
Chemical laboratory wastes (Kg.)*	1,187	1.023.5	1,427	Toner (Units)	33	21	69
Empty paint cans (Kg.)	271	331	221	CDW (Mt.)	N-C	N-C	752
Big-bags and plastics (Kg.)	99,660	122,320	115.540	<p>Note: The figures expressed in volume are approximate depending on the degree of filling of the containers</p> <p>(*) The Chemical laboratory wastes are stored and classified in various different types.</p> <p>N-C- Not counted</p>			
Used diesel (Kg.)	68	169	184				
WEEE (Kg.)	438	1,338	866				
Paint (Kg.)	0	89	99				
Oil contaminated with PCBs (Kg.)	0	1,880	0				
Hydrochloric acid (Kg.)	0	2,040	0				
Fibre-cement (Kg.)	0	7,640	0				
Used grease (Kg.)	N.C.	N.C.	1,363				

C. Other Environmental data.

Recycling of steelworks dust for recovery of Zn and Pb.

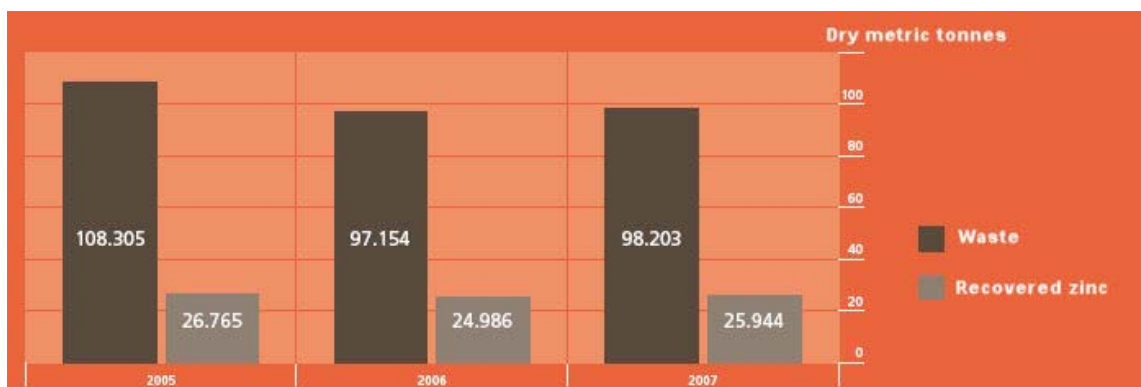
The residual dust generated in the electric arc steelworks (EAF dust) with high metal contents, fundamentally, Zn, Fe and Pb. is catalogued as hazardous waste for the environment by the legislations of all developed countries because in natural conditions its lixiviates solubilise heavy metals. The main motivation of Befesa Zinc Aser is to recover these metals (principally Zn) from these wastes for reincorporation to the market when otherwise they would have to be extracted from natural mine resources.

Shown below is an evolution of the last three years in the treatment of wastes and recovered Zn.

It is important to point out that the Zn content in the wastes is variable for which reason an increase in the quantity of waste recycled does not always mean an increase in recovered Zn or vice versa.



Recycling of waste and recovered Zn.



Consumption of auxiliary materials, energy and water.

Below are shown the relative consumptions (quantity per MT. of waste) of the principal resources used in the production process for the last three years.

The increase in the specific consumption of natural gas is basically due to the commissioning of new equipment and auxiliary installations, where consumption is independent of the quantity of waste treated in the process. For example, the increase in lighters in the drying of the product to reduce moisture content.

However, slight fluctuations in the specific consumptions in the process are considered normal due to variability with regard to their elements contained in the wastes to be recovered.

The consumption of coke and/or anthracite depends on the chemical composition of elements contained in the wastes to be recovered, especially Zn and Fe.

The consumption of lime depends of the basicity of the wastes treated. i.e., on the quantity of Ca. Si and Mg that they contain.

The consumption of sodium bicarbonate depends on the content of the halogens and alkalines elements in the Waelz Oxide feed into the lixiviation process and these, in turn, on the composition of these elements in the wastes to be recovered.

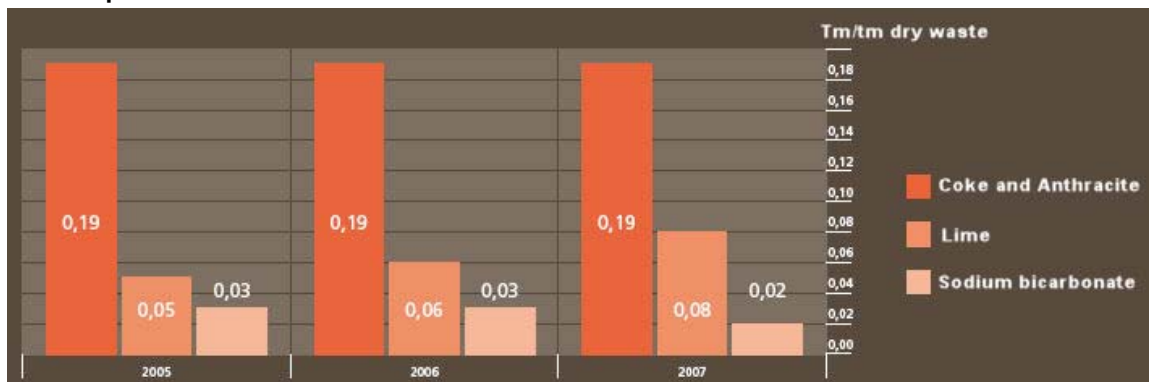
Thus, slight fluctuations in the specific consumptions in the process are considered normal due to the variability of the chemical composition of the wastes that are received.

The specific consumption of industrial water has been reduced, among other factors because of the collection and use of rainwater and cleaning for its use in process.

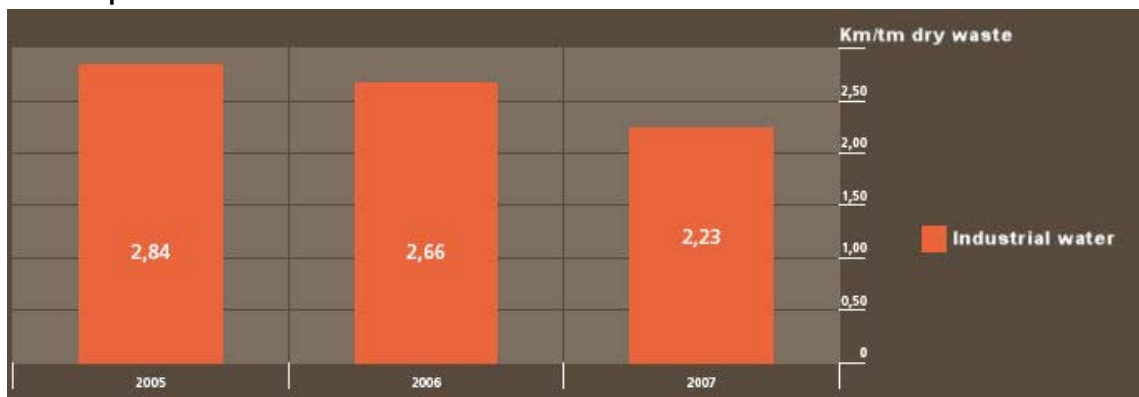
Consumption of electricity and natural gas.



Consumption of coke. lime and sodium bicarbonate.



Consumption of industrial water.



07 Complaints and Claims.

During this year no customer complaint has been recorded.

08 Audits.

Auditing is a key element in verifying both the validity of the data that the various departments obtain over the year and of the processes, procedures and instructions designed to lead to proper management.

When in the course of the audits Problems are detected with the Integrated Management System. Solutions and/or Corrective Actions are activated to resolve these situations.

Integrated audits of the system were carried out in all the processes in December 2007. In them 13 findings were identified.

The internal auditing programme has been completed satisfactorily though with slight deviations fundamentally due to the non-coincidence of dates between auditor and auditees.

09 Environmental Legislation.

Befesa Zinc Aser has an Emergency and Incidents Plan with environmental repercussion as well as the Instructions for Action in response to these events.

The Company has hired a service for identification, supply and updating of legal texts every quarter. With this information the new requirements or their modifications are found and legislative data base is updated with the requirements applicable to the Company.

The Resolution of 24 July 2007 was received on 2 August wherein Befesa Zinc Aser was granted the Integrated Environmental Authorisation and as at 1 February. 2008 the documentary accreditation required under said Resolution was approved.

10

Training and Co-operation with Environmental Organisations.

During 2007 43 training actions took place with the participation of 183 attendees and a total of 3,411.5 hours of training.

Furthermore, Befesa Zinc Aser co-operates actively with numerous environmental bodies. Of the various Associations that work on behalf of the environment and in which the Company participates directly, we can mention:

Asegre: "Association of Management Companies of Wastes and Resources Special". Brings together companies in Spain whose activity is the management of hazardous wastes.

Aclima: "Cluster Association of Environment Industries of Euskadi". Brings together companies and institutions in the Basque Country whose aim is carrying out actions that it considers appropriate for the improvement of the competitiveness of the Basque eco-industry and related industries.

Environmental information is received through these Associations. This information is classified and distributed among the staff concerned.

In Befesa Zinc Aser in 2007 visits were received from the School of Engineers of Bilbao and the University of Deusto, among others.



11

Next Environmental Statement.

This Environmental Statement is intended to inform the collaborators, public authorities, customers, suppliers, media and neighbours about our Management Policy and also to propose a constructive dialogue.

This Environmental Statement shall be valid until May 2009.

Glossary

IPPC	Directive for the Prevention and the Integrated Control of Pollution.
O.W.	Waelz Oxide.
D-L.W.O.	Double Leached Waelz Oxide.
Zn	Zinc.
Pb	Lead.
Cl	Chlorine.
SO₂	Sulphur dioxide.
Cr	Chromium.
Cu	Copper.
Mn	Manganese.
Ni	Nickel.
As	Arsenic.
Cd	Cadmium.
Hg	Mercury.
Fe	Iron.
Se	Selenium.
Al	Aluminium.
BREF	BAT Reference. Best Available Techniques. Document for the Best Available Technologies.
WEEE	Waste from Electric and Electronic Equipment.
RAU	Solid waste. Similar to that produced within an urban environment.
CDW	Construction and Demolition Waste.

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