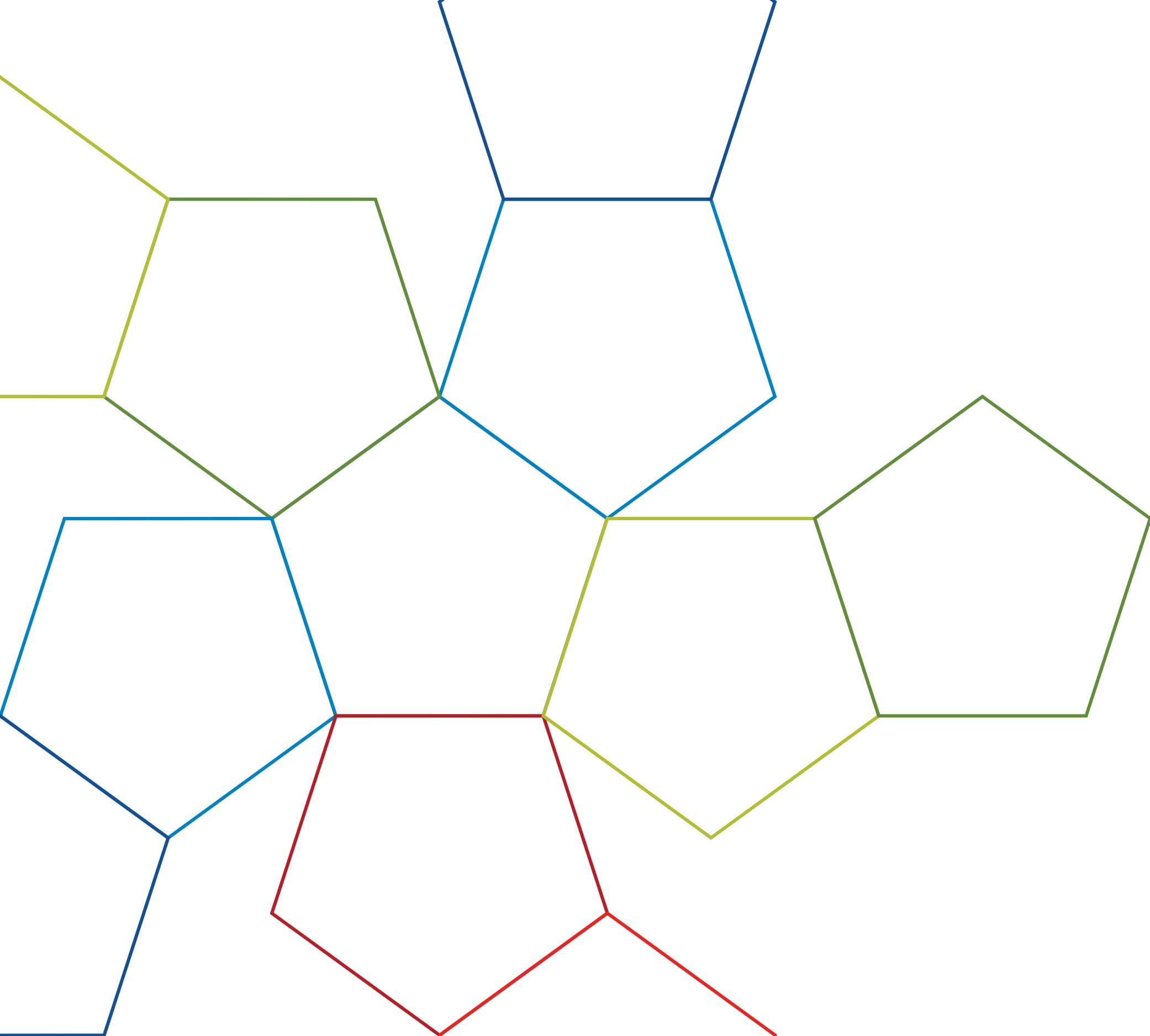


# Sustainability Report 2020



The financial information related to Dynasol Group is proforma with consolidated data of the two holdings of the Group (Dynasol Gestión and Dynasol México). We only include information regarding the companies in which Dynasol Group has full management control.

Dynasol Group believes that the information presented here is truthful and accurate, but any recommendation, declaration or suggestion that could be made, has not guarantee and will not represent any legal obligation for any entity affiliated to the group. The legal liability of any affiliated entity of Dynasol Group regarding the environmental criteria or the products described herein are limited to the sales terms of Dynasol Group or to any current contract. Any other terms are expressly rejected. Dynasol Group does not guarantee that the products described herein are appropriate for any specific use. The users of Dynasol Group products must trust their technical and legal judgement and they must carry out their own studies, registries and other activities related to the assessment of the adequacy of any material or product of Dynasol Group for any application. Nothing of what was expressed herein can be interpreted as recommendation to use any Dynasol Group product in any specific application or in conflict with any existent property right. Dynasol Group reserves the right of removing any product from commercial availability and make any change to a product or a development. Dynasol Group on behalf to all its affiliates expressly renounces to any liability for any damage or injury that emerge from any activity related to the use of any information herein stated or the use of any Dynasol Group product.

For more information visit our webpage: [dynasolgroup.com](https://www.dynasolgroup.com)

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# About the report

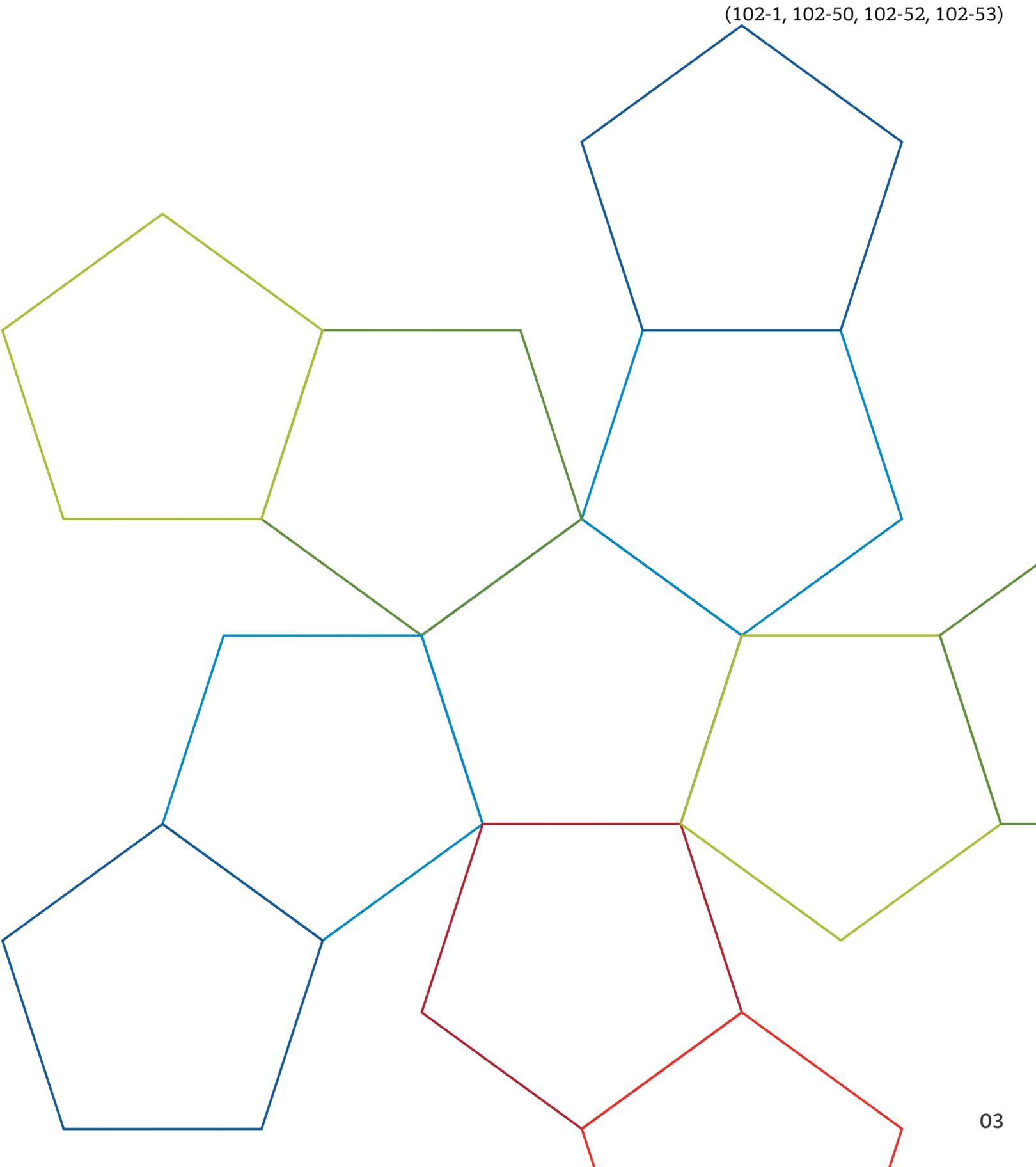
We have prepared this report as part of our commitment to transparency and sustainability. It provides information on the evolution of our business units and relevant ESG indicators.

The report has been prepared in accordance with the GRI Standards core option. It covers the period from January to December 2020.

For any queries about its content, please contact:

**sustainability@dynasol.com**  
**buzon.sostenibilidad@dynasol.com**

(102-1, 102-50, 102-52, 102-53)





## LETTER FROM OUR CEO

We have witnessed an unprecedented global crisis as consequence of the Covid-19 pandemic. This crisis has slowed down the economic activity across the globe, particularly in regions with more stringent measures to tackle the virus. In such a complex context, at Dynasol Group we were able to keep our operations running and met our customers demand whilst prioritizing our employees, and suppliers' health. Thanks to the effort of all who worked to keep our sites running, Dynasol obtained results that allowed us to generate value for our stakeholders and we were able to demonstrate our great resilience. Despite the challenges, our consolidated EBITDA reached 72 million dollars and the net profit for this year was of 28 million dollars.

We kept our commitment to sustainability and for the eighth consecutive year we were awarded the CSR Distinction and obtained the Ecovadis Gold Rating. We continue making progress towards our sustainability goals. Our Spanish sites, 100% of the energy we used came from renewable sources,

which has help us to avoid producing almost 20,000 tons of CO2. Also, in 2020, we reduced in 15% the chemical oxygen demand of our effluents by investing in technology that will allow us to achieve our medium-term targets.

In addition, we improved our accident rate by promoting a health & safety culture across the company through our Avanza Program, which is being deployed in all of our sites. In the past year, the health of our employees has become ever more relevant due to the sanitary crisis, that is why, to ensure their protection we have implemented remote work models and have favored flexibility to promote work life balance.

During this challenging times we did not forget the communities where we operate, and throughout the year, we have carried out several philanthropic initiatives. The year 2020 has also seen the implementation of our Regulatory Compliance Model that promotes a transparency and compliance culture across the organization. We have also developed a management tool

and trained employees. Although 2020 has been a challenging year, it has helped us to grow as a company and to demonstrate our permanent commitment to sustainability.

***"IN SUCH A COMPLEX CONTEXT, AT DYNASOL GROUP WE WERE ABLE TO KEEP OUR OPERATIONS RUNNING AND TO MET OUR CUSTOMERS DEMAND WHILST PRIORITIZING OUR EMPLOYEES AND SUPPLIERS' HEALTH "***

**EBITDA:** Earnings before interest, taxes, depreciation, and amortization.

**Felipe Varela Henández**  
President of Dynasol Group

# HIGHLIGHTS 2020



**86%**

of our suppliers are local



**29,979**

training hours for our employees



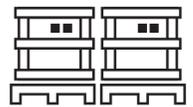
**13**

people with disabilities work at Dynasol Group



**375**

patents



**+284**

thousand tons of rubber produced



**8th**

year in a row we obtained the CSR Distinction



**506**

million (USD) of sales



**100%**

of our employees were evaluated Ecovadis



Ecovadis Gold Certification



A new remote work policy



**100%**

of the energy used at our Spanish sites came from renewable sources



**2%**

less water withdrawal from source



**1,066**

employees in Spain, Mexico and the United States



**50%**

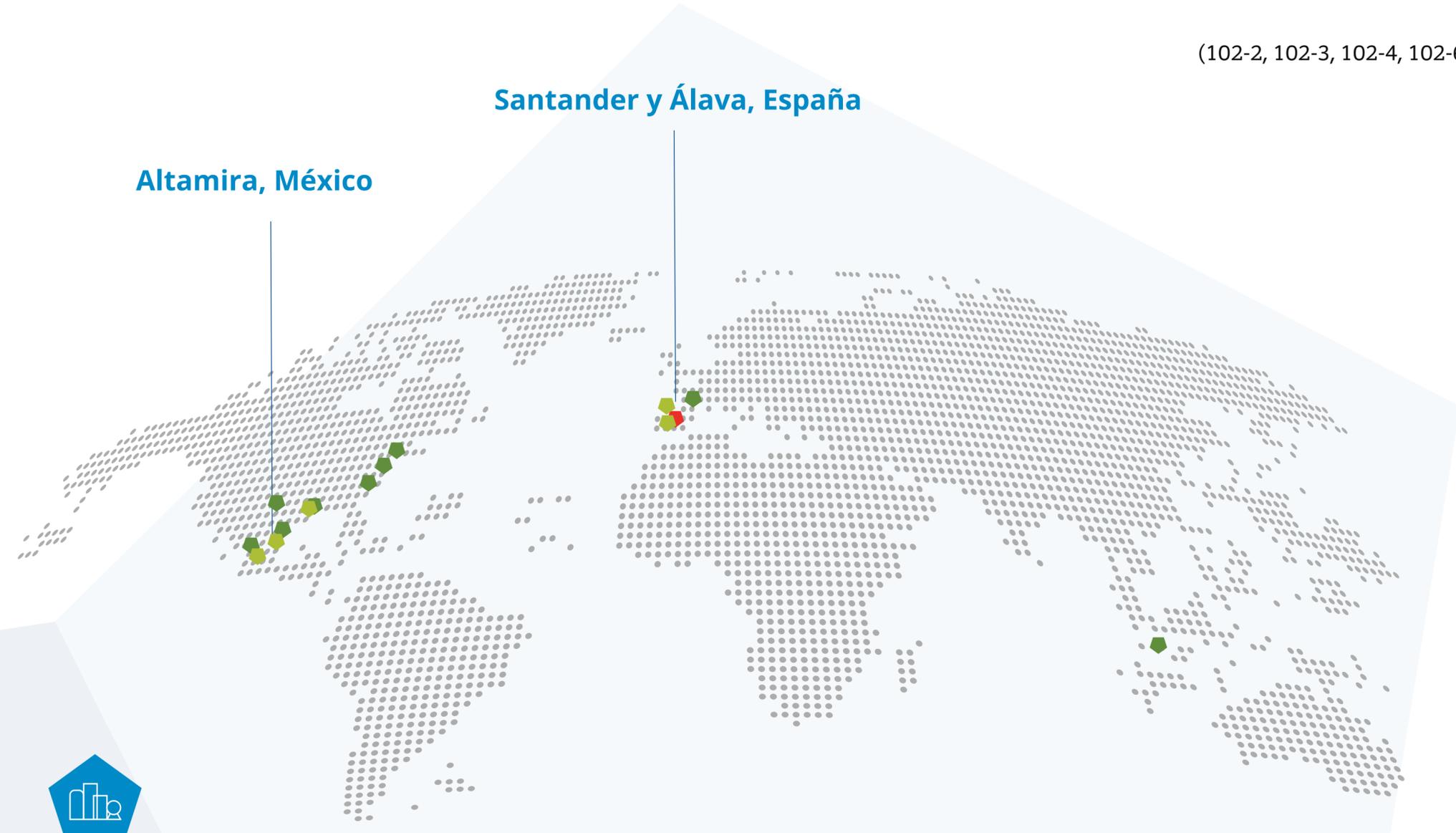
less work-related accidents

# DYNASOL GROUP

We are a group of leading companies that provide solutions for the elastomer and chemicals market.

Our main activity is the manufacture and distribution of synthetic rubber and rubber chemicals. Through innovation we provide unique solutions to our customers, helping them to improve the sustainability of their products. The use of our products in different segments contributes to the reduced energy consumption, longer life cycle and other key sustainability attributes.

Our Group of companies is comprised of diverse nationalities and has production sites in Spain and Mexico. In China, we keep our operation under two joints ventures at 50% with two local partners that produce synthetic rubber.



### Altamira, México

Capacity:  
240,000 tons  
1 Site  
eSBR, sSBR, NBR, SBS

### Santander, España

Capacity:  
120,000 tons  
1 Site  
SBS, SEBS

### Álava, España

Capacity:  
30,000 tons  
Accelerants, antioxidants, pigments,  
phytosanitary products, biocides, sulfates,  
and sodium sulfhydrates

**Headquarters**  
Madrid, España

**Commercial Offices**  
Altamira, México  
CDMX, México  
Houston, EUA  
Madrid, España  
Álava, España

**External Warehouses**  
New Jersey, EUA  
Ontario, Canadá  
Houston, EUA  
Singapur  
León, México  
Charleston, EUA  
Brownsville, EUA

# ECONOMIC AND FINANCIAL DATA

The following tables show disaggregated data of our financial performance.



NOTE: All the financial information related to Grupo Dynasol (Dynasol Group) is proforma with consolidated data of the two holdings of the Group: Dynasol Gestión and Dynasol México.

## 1 ECONOMIC DATA

Data	Million(USD)
Equity	508
Total assets	707
Net sales	506

## 2 SALES BY REGION

Region	Tons	Million(USD)
Americas	138,613	260
Asia	8,989	21
Europe	107,522	220
Rest of the world	2,127	5
<b>Total</b>	<b>257,251</b>	<b>506</b>

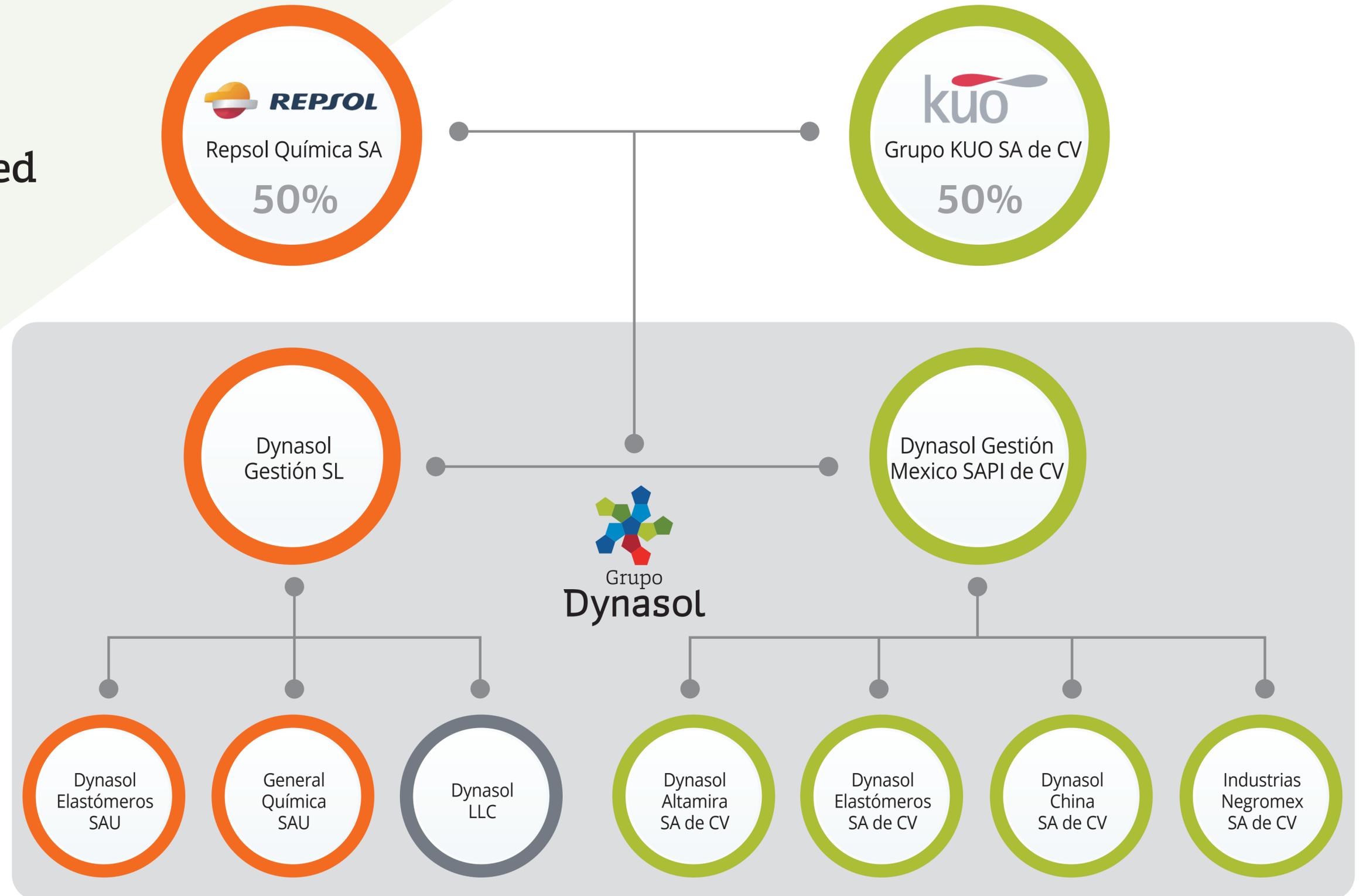
## 3 FINANCIAL DATA

	Million(USD)
Net sales, other income, and benefits	526
Financial income	-3
Direct Economic Value Generated	524
Operating costs	392
Employee wages	46
Payments to government	25
Payments to providers of capital	112
Economic value distributed	575
Economic value retained	-51
Economic support by government bodies	1

# Company Structure

**Dynasol Group is comprised by nine entities in three countries: Mexico, Spain, and the United States.**

- Spain
- Mexico
- USA





# OUR CULTURE AND VALUES

## MISSION

To provide different solutions for the elastomers and chemicals market, through technology, innovation, and an excellent customer service, while respecting the environment, and focusing on creating sustainable value for our stakeholders.

## VISION

To be a relevant supplier of elastomers in the market, known and recognized for our technology, ability for innovation, competitiveness, and customer-orientation, with the support of the people who make-up Dynasol Group, through a solid organization, and taking advantage of growth opportunities

## CODE OF ETHICS AND BEHAVIOR

Our Code of Ethics and Behavior guide us to act respectfully and in observance of the obligations and commitments of the Group in all our business relationships. In addition, it promotes Human Rights and aims to achieve a safe and healthy workplace and to protect the environment.

## VALUES



In 2020 our Group was granted the following awards:

**Distintivo ESR® (CSR Distinction)**

Dynasol Group was awarded with the CSR Distinction in Mexico for the eighth consecutive year\*. This award is granted annually by the Mexican Center of Philanthropy (CEMEFI) and AliaRSE. It recognizes our commitment to Corporate Social Responsibility after having successfully fulfilled an assessment in five areas: well-being, ethics and governance, community engagement and environmental protection.

\*The first company with the Distinction was Dynasol Solución

**Ecovadis Gold Rating**

We achieved the Gold Rating that place us in the top 5% of our sector in terms of sustainability and supply chain.

**Clean Transportation Distinction**

Granted by the Mexican Ministry of Environment and Natural Resources to our sites in Mexico.



# STANDARDS AND CERTIFICATIONS

At Dynasol Group we continuously seek to improve our processes by adopting the best standards and certifications. In 2020, we met the following standards

Certifications		Emulsion Unit Altamira	Solution Unit Altamira	Solution Unit Santander	Chemicals	Dynasol Gestión S.L.
Environment	ISO 14001:2014	❖	❖	❖	❖	
	ISO 14064			❖	❖	
Quality	ISO 9001:2015	❖	❖	❖	❖	❖
	FSSC 22000	❖				
	IATF 16949:2016				❖	❖
	FDA	❖				
	KOSHER	❖				
Health and Safety	ISO 45001:2018			❖	❖	

# Valuing Customer Relationships

Our customer centric approach allows us to build long lasting relationships with business partners by delivering tailored solutions to meet challenges across multiple industries and across the globe. "Our customer service rating allows us to have a 360° overview across our customers' journey". At Dynasol we are not working on maintaining our customer service level, rather we are constantly investing in improving and strengthening our relationships with our customers. Our portal allows customers to search for products by end use applications. Through the platform clients can also access technical data sheets and security data sheets which are very valuable when understanding the products properties, performance, handling and transporting of the materials.

We deployed a central CRM system that consolidates all our Business Units complaints. The system allows us to better manage the data of customers on a global basis. Relevant KPI's of our system include time in which we respond and solve an issue and feedback from our cus-

**Our customer service assessment provides comprehensive view of the purchase experience of our clients**

tomers post claim to evaluate each solution presented. The data is then reviewed during monthly meetings with cross functional teams and is used as an input to optimize our processes. The consolidation of our Customer Service process for complaints serves as a tool to not only accelerate the time in which we respond to our customers but also improves the quality of communication through the interaction of all departments. A history of this data is used to continue improving our knowledge of our customers day to day operations and challenges and here into strengthening our relationships with them. In 2019 we launched a Digital strategy along with our customers that has finished developing in 2020. The beginning of our transformation began with customers' interviews that allowed us to have a better understanding of their journey from the moment in which they place

an order until they receive the product in their facilities. It was extremely important for us to learn more about them before launching a new system because the variety of segments that we serve are distinctively different and can also vary by region. The reception of a high volume of orders received at each customer service center is a challenge for our representatives, sales and logistics personnel. The tracking of changes across sales forecasts, production and orders acceptance are relevant to maintain a high level of service, that is why we deployed a new system where all the employees that participate in the customers' journey can access information at all points of the process to detect, on a timely basis, possible deviations when delivering product. The new system also measures the number of changes for each order including, product change, order additions and number of

times the delivery date is modified. Our Sales and Customer teams are therefore capable of informing clients in a proactive way, of any changes or problems with sufficient time to tackle it. We conduct anonymous surveys through a third party that sheds light on customer insights, preferences, loyalty, expectations and most importantly the perception our service when compared to our peers. In the last conducted survey, we received a net promoter score of 43, 15 points higher than our competitors and a loyalty score of 51, 33 points higher vs our peers.

*At Dynasol we are fully committed to continue improving our customer's experience and using their needs as a compass to develop new initiatives across our company.*





## SUPPLY CHAIN

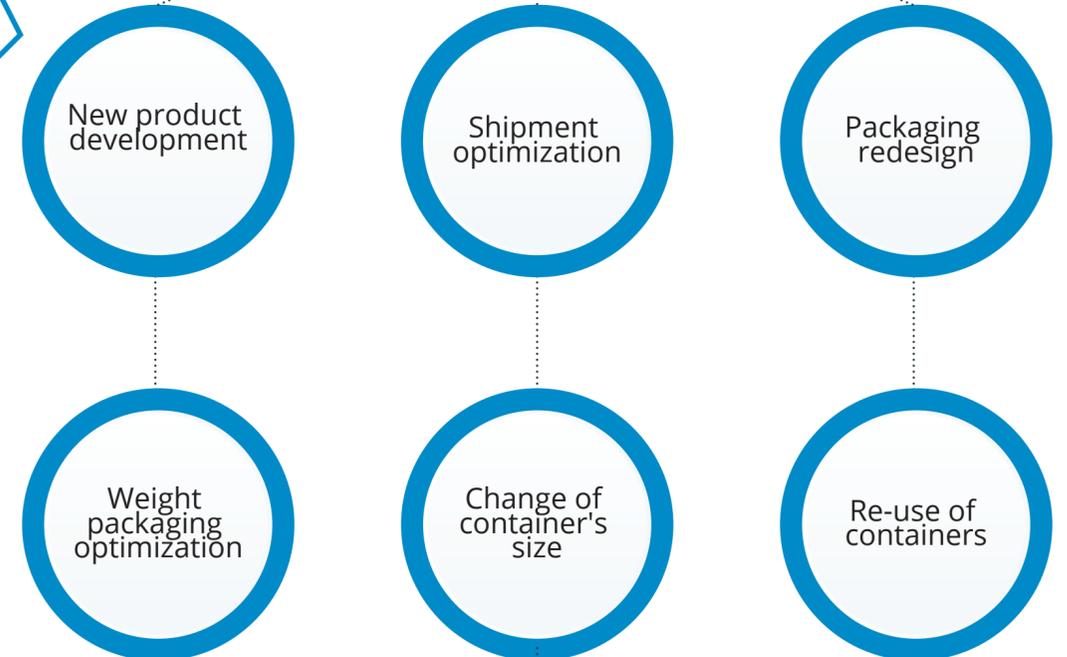
At Dynasol, we choose local suppliers to contribute to the communities where we operate by promoting local employment and economic development.

As part of Dynasol's sustainability commitments, we extend our Health, Safety and Environmental Compliance Policies to the value chain of our companies. In this sense, we require all suppliers to implement and operate environmental management systems in relation to their commercial activities and the chemical substances of their products. In addition, all our suppliers are required to know and sign our Code of Ethics. In all our contracts' terms and conditions, we include the safety and environmental standards to which they are required to comply as well as our Non-compliance Sanctions Policy. At Dynasol we also have a Supplier Standardization Policy that classifies our suppliers in terms our quality standards but also in terms of their own safety,

confidential information management, intellectual property, and human rights standards. In addition, we have a Supplier Assessment Policy to evaluate their compliance to our policies. .

	2020	2019
% of local suppliers	86 %	85 %
% payments to local suppliers	54 %	68 %

## Development of sustainable packing



## Sustainable goals





# OUR SUSTAINABILITY

**Sustainability is a priority in all the countries where we operate. We are committed to manage the natural resources in a sustainable manner through a transparent and ethical behavior.**

## STRATEGY

At Dynasol, we have a Sustainability Plan with environment, social and economic considerations that includes all voices and concerns of our stakeholders through a permanent and transparent dialogue.

In 2020, we kept in force our Materiality Assessment which was developed in accordance with the GRI principles and standards. The assessment was based on an internal consultation exercise with the areas with most contact with our stakeholders. The process comprised of four stages 1) identification, 2) prioritization 3), validation and 4) review. The materiality assessment helped us to identify the most relevant topics for our stakeholders and for our Group.

The results from the materiality assessment are reflected in our Sustainability Plan and have been integrated in our decision-making processes. This has allowed us to improve our performance and to maximize the value creation for our stakeholders.

## STAKEHOLDERS:

1. Shareholders
2. Employees
3. Customers
4. Competitors
5. Suppliers and external services
6. Management
7. Society
8. NGOs
9. Neighbors
10. Financial sector
11. Professional associations
12. Insurance companies
13. Universities



# Sustainability Plan and the Sustainable Development Goals

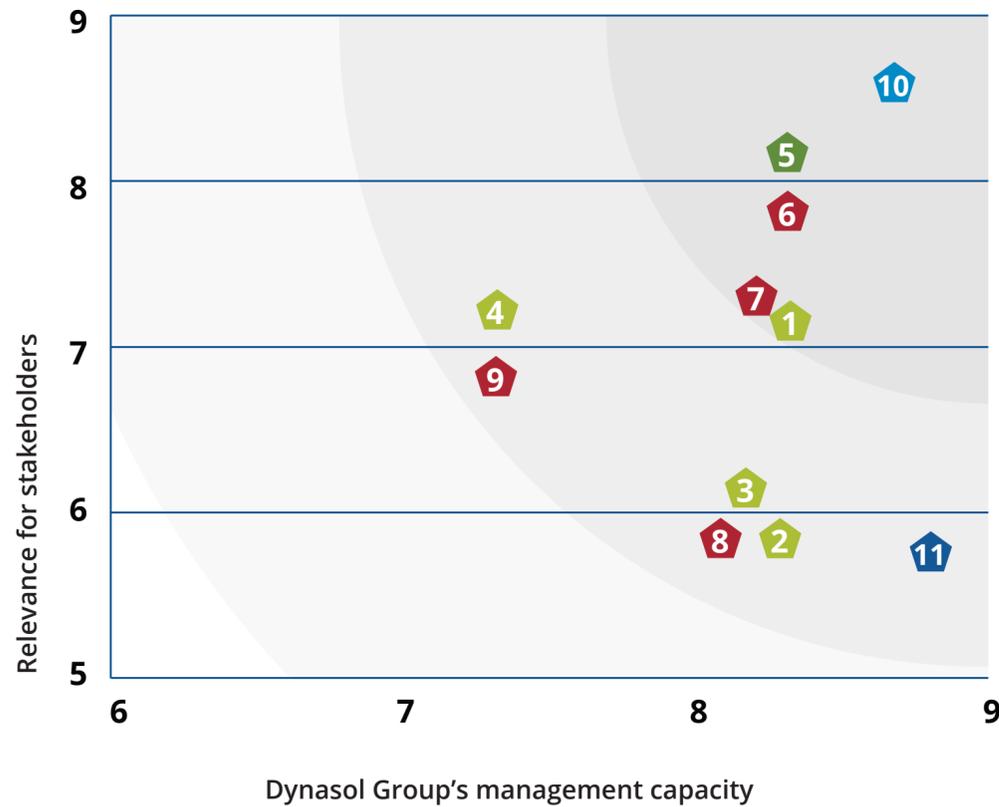
Our Sustainability Plan is based on five pillars and establishes twenty-four short and medium-term commitments to maximize our positive impact. These commitments are aligned to the UN 2030 Agenda and its Sustainable Development Goals. This agenda seeks to eradicate poverty, protect the planet, and ensure peace and prosperity for all.



PILLAR	COMMITMENT 2020	STATUS
Environment	To increase the number of projects proposing circular economy solutions or the reduction of carbon footprint.	☆
	To drive sustainable practices of our suppliers and contractors.	🔄
	To reduce our water consumption.	🔄
	To continue to improve the quality of our effluents.	☆
	To reduce the CO2 emissions per ton produced.	☆
	To reduce volatile organic compounds (VOC) emissions.	☆
	To reduce the CO2 emissions per ton transported.	☆
Ethics and transparency	To promote a Culture of integrity using our Code of Ethics as framework.	☆
	To publish tax payments of the Group by country.	☆
People and community	To promote a Safe approach across the company through the Safety and Environment Leadership Program	☆
	Promover el empleo de colectivos con dificultades de inserción laboral	☆
	Fomentar acciones de desarrollo social	☆
Safe operation	To promote a Safe approach across the company through the Safety and Environment Leadership Program.	☆
	To reduce risks associated to our operations.	☆
Innovation	To develop an eco-design procedure to integrate environmental considerations in our R&D activities.	☆
	To improve the effectiveness of our R&D processes.	☆

# Materiality Matrix

Our materiality matrix illustrates the results of our 2019 materiality assessment, it highlights the topics most relevant for our stakeholders as well as those within the management capacity of the group.



## ENVIRONMENT

- 1 Circular economy and zero waste
- 2 Water sustainable consumption
- 3 Emissions
- 4 Energy



## SAFE OPERATION

- 5 Safe operation



## PEOPLE AND COMMUNITY

- 6 Labor rights
- 7 Diversity and equal opportunities
- 8 Development and training for our employees
- 9 Communities



## ETHICS AND TRANSPARENCY

- 10 Ethics, integrity and transparency



## INNOVATION

- 11 Innovation



# ENVIRONMENT



At Dynasol we adopted a precautionary environmental approach. We aim to minimize our environmental impact and to contribute to the efficient management of resources through innovation.

## Efficient resource management

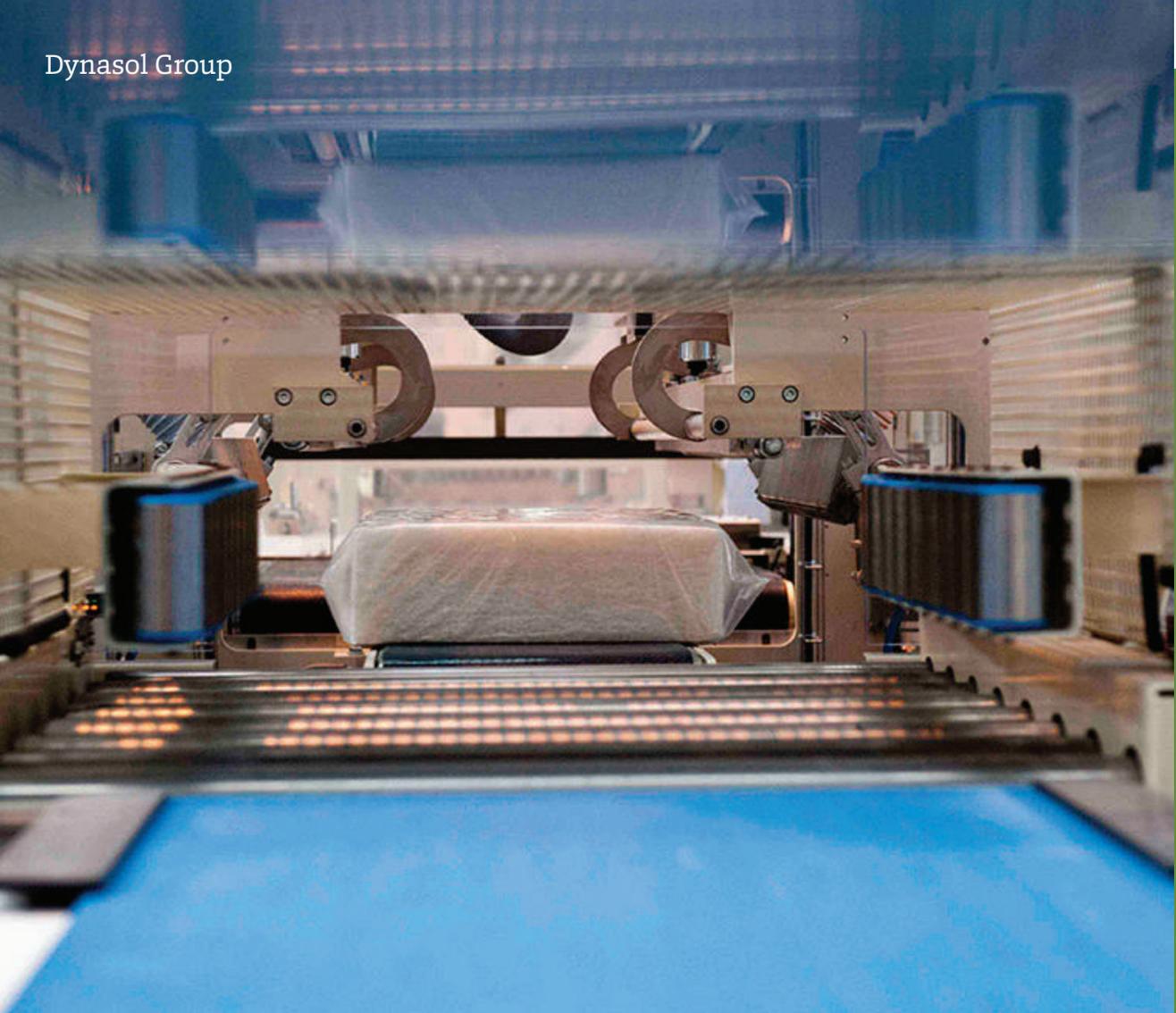
### • Circular economy and waste

In this reporting period, we developed a new procedure that integrates environmental and safety considerations into the product inception stage to ensure that every new development is more sustainable. Eco-design contributes to reduce consumption of materials, energy, and water as well as to reduce waste and emissions

by using bio and recycled materials. It also contributes to a longer product's life cycle. At Dynasol, we believe we need to evolve from linear production models to circular ones.

In the circular economy, designing new products seeks to reduce the use materials and energy as well as waste generation and emissions throughout the product's life cycle. When the product reaches the end of its lifespan, the circular approach keeps the materials within the economy by reusing and recycling. In this way, contributing to the regeneration of natural systems and to reduce wastew





• Packaging

In this period, we improved our packaging by increasing reusable containers by 10%. We will continue working in this area to achieve our target of 50% in 2023. In addition, by streamlining our packing we made more efficient the logistical cycle of our product and reduce the emissions of the cycle in 38kg of CO2 per ton transported.

• Sustainable water consumption

At Dynasol we are committed to minimize our environmental impact. One of our strategies is using water resources in a sustainable manner. As shown in the following

tables, in this reporting period we reduced our total water withdrawal.

4 WATER WITHDRAWAL BY TYPE OF AREA

	All areas		Water stressed areas	
	2019	2020	2019	2020
Total water withdrawal (Megalitres)	7,998	7,874	0	0

5 WATER WITHDRAWAL PER REGION AND SOURCE

Water withdraw per source (Megalitres)	The Americas			Spain			Total		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Surface water	2,113	2,172	2,271	6,298	5,805	5,582	8,411	7,977	7,853
Ground water	0	0	0	13	17	16	13	17	16
Third-party-water	0	0	0	2	4	5	2	4	5

## 6 EFFLUENTS

	The Americas 2020		Spain 2020	
Effluent discharge to the sea [ML]	818	30%	1,972	29%
Effluent discharge to surface waters [ML]	176	6%	4,817	71%
Effluent discharge to a Third-party [ML]	1,755	64%	0	0
Total Effluents [ML]	2,750	100%	6,789	100%

During this period, the total volume of water discharged was 9,538 megalitres; of which, 29% was discharged to the sea, 52% to superficial water and the remaining 18% was transferred to a third party for purification (see table). Effluents of our sites are subjected to purification treatments to minimize its impact on water resources.

	2018	2019	2020
Recycled water [ML]	120	158	195
		32%	23%

The quality of our effluents is controlled by monitoring the oxygen chemical demand (OCD) and during this reporting period we reduced the OCD produced (kg/ton) in 15%.

## 7 EVOLUTION OF OCD (T/YEAR)



## 8 OCD QUALITY OF EFFLUENTS (KG/AÑO)

	2018	2019	2020
Global	1,340	1,163	930
The Americas	435	355	337
Spain	905	807	593

• **Emissions**

As result of our environmental strategy and initiatives, we have reduced our emissions by 1,525 ton of CO2e at our Spanish sites.

In the following tables we provide a breakdown of our emissions by scope and geographic area

**9 DIRECT AND INDIRECT EMISSIONS**

Direct and indirect emissions		2018	2019	2020
Scope 1 emissions 1 (CO2, CH4 y N2O)	Total GHG (ton CO2 eq)	46,099	31,616	22,935
	The Americas	43,622	29,148	20,620
	Spain	2,477	2,468	2,315
Scope 2 emissions	Total GHG (ton CO2 eq)	202,381	218,717	160,230
	The Americas	88,028	99,218	66,338
	Spain	114,353	119,498	93,892
Energy (Scope 1+2)	Total (Thousand GJ)	3,168	3,155	2,962
	The Americas	1,320	1,169	1,177
	Spain	1,849	1,986	1,785

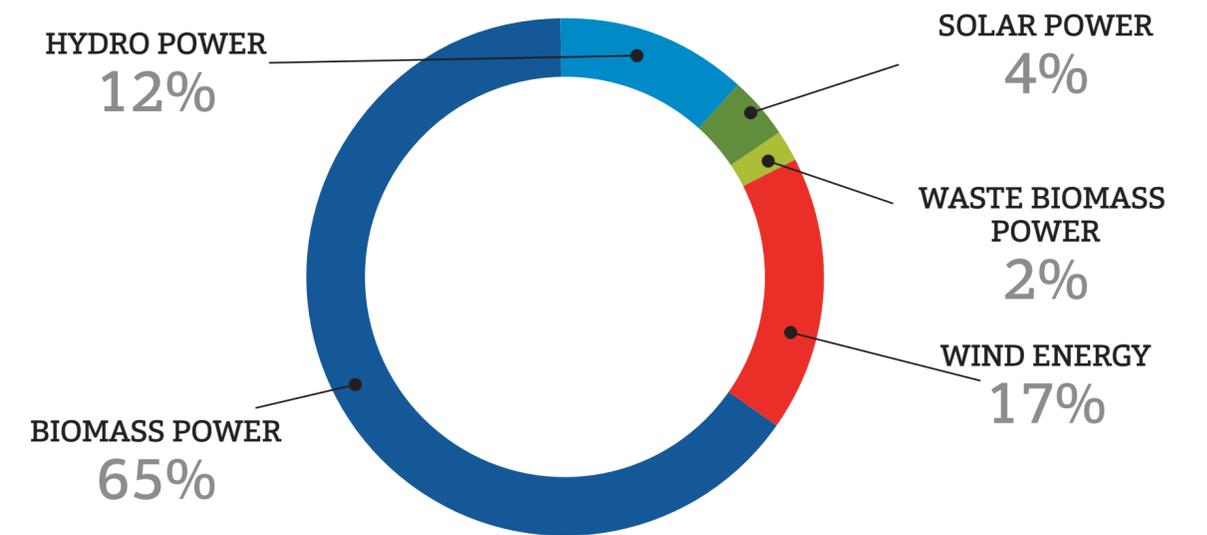
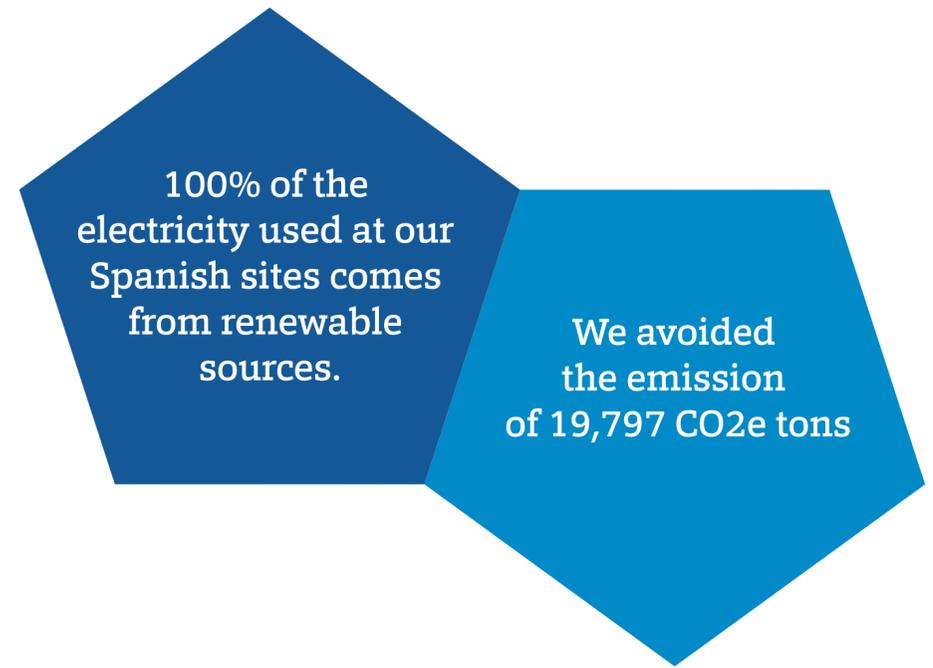
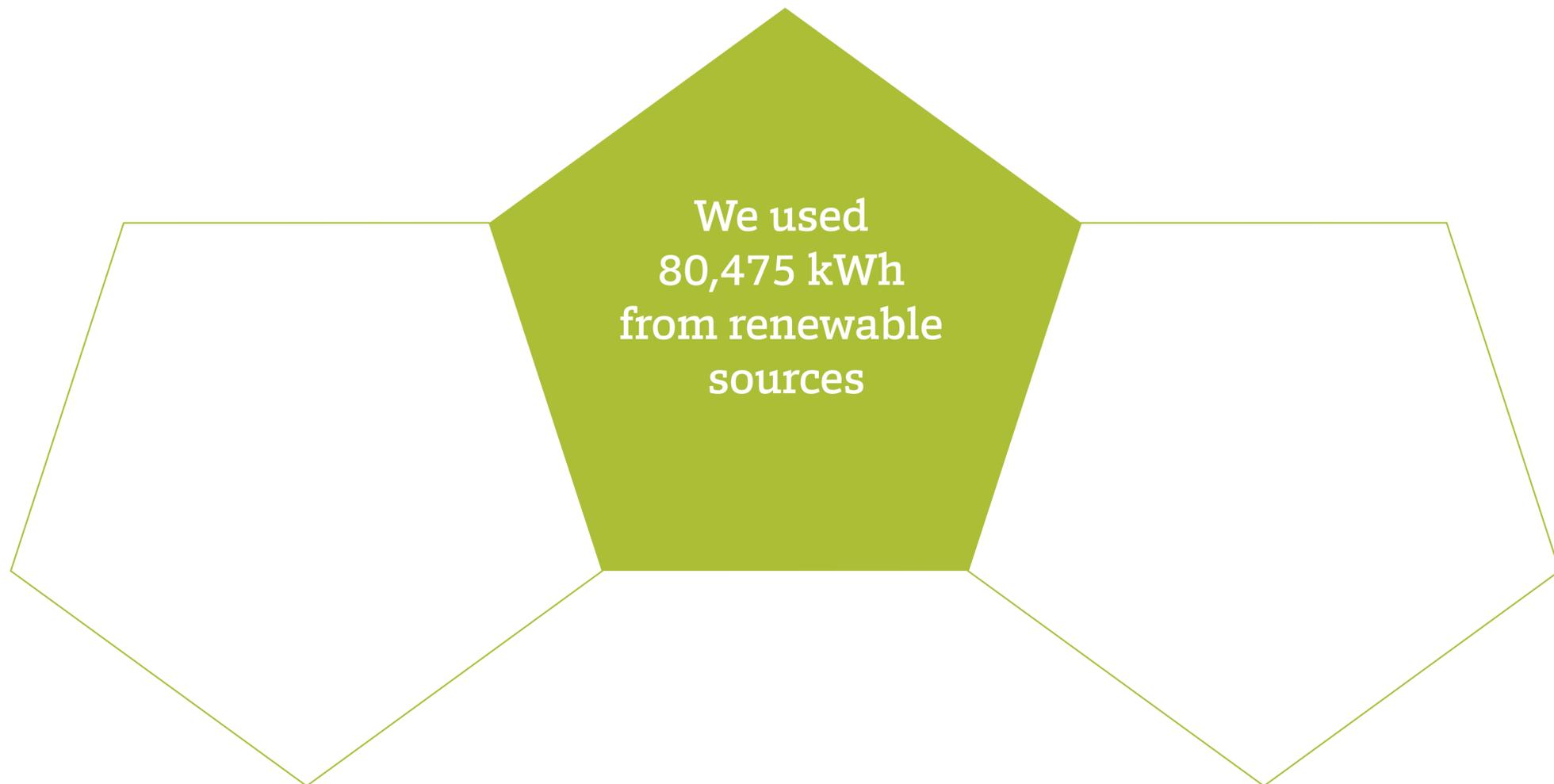
Direct and indirect emissions (scope 1 and scope 2) were verified using the standard ISO14,054: Scope 1 (direct emissions of Dynasol Group activities), Scope 2 (indirect emissions linked to the purchase of electricity).



Some of the activities of this period include:

- Raw materials stock management
- Condensed water recovery
- Optimizing energy consumption in idle machinery
- Optimizing energy consumption in the cooling station

As part of our Climate Change commitment, in 2020 we measured the carbon footprint of our businesses disaggregating direct and indirect emissions and those considered within scope 3. Knowing our carbon footprint helps us identify the biggest climate impacts throughout the value chain, allowing us to focus our efforts. This calculation is part of the commitment to measure the carbon footprint of all Dynasol's product families by 2021.



		Santander	GQ	Total
2020	Avoided CO <sub>2</sub> t	13,778	6,018	19,797
2019	Avoided CO <sub>2</sub> t	9,758	3,321	13,080



# INNOVATION

- **Technological innovation as driver of sustainability**

Innovation is an essential element in our sustainability strategy. In the Technology Unit our teams develop solutions considering social and environmental impacts whilst responding to market trends. This approach allows us to help our customers make their products more sustainable. We have four research groups located in Spain (Santander and Alava) and Mexico (Altamira) as well as Technical Assistance Teams (TAS) with 75 people in both countries working in alignment with our business units.

### Collaborate to innovate

Our company collaborates with a network of research centers and universities around the world. Currently, we have collaborations with the Centre of Applied Chemistry (Mexico), the University of Akron (USA), the University of Cantabria (Spain), The University of Huelva (Spain) among others.



At the end of this reporting period **Dynasol Group** had

**375 patents**

granted and had applied to

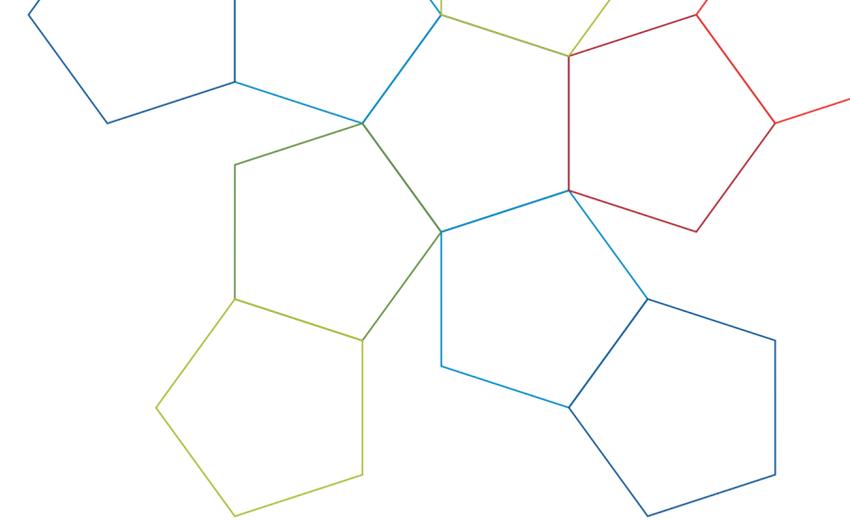
**42 new patents**

which were pending approval.



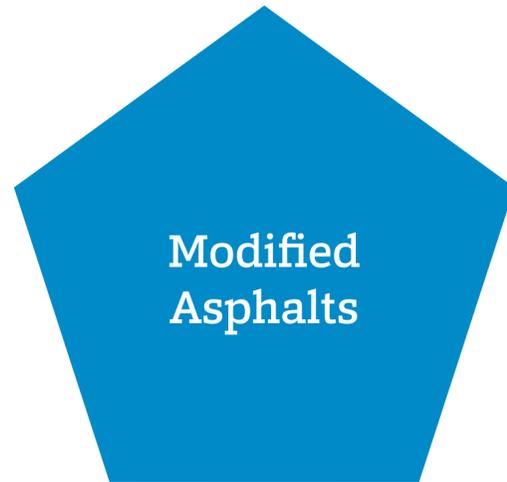
## Core product applications

We work to transform our target market's needs into high value products that contribute to a more sustainable economy.



**Adhesive  
and sealings**

Adhesives are present in many things around us. They can contribute to the sustainability of a product by facilitating its recycling or extending its lifespan. To improve air quality and protect the health of end users, safety and environmental regulations are becoming more stringent regarding the emission of Volatile Organic Compounds (VOCs). Thus, the industry is seeking to substitute solvent-based adhesives for more sustainable alternatives such as Hot Melt Pressure Sensitive Adhesives.



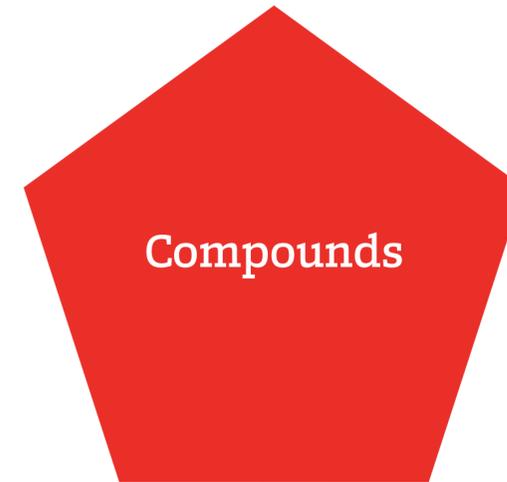
**Modified  
Asphalts**

The asphalt industry is resource intensive. At Dynasol we are working to develop products more respectful of the environment and the human health by reducing its energy and materials requirements, increasing its durability and safety as well as facilitating its recyclability. Our high vinyl SBS is an example of a more sustainable solution. The high content of vinyl helps the tar crosslink process which allows to remove Sulphur and its H2S toxic emissions. It also reduces its energy requirements due to its lower viscosity and increases the durability of the asphalt mix and its compatibility with different quality tars.



**Modified  
plastics**

ABS is an engineered plastic widely used in the automotive sector due to its high resistance. Nearly 80% of ABS is produced by emulsion which is a water and energy intensive method. The remaining 20% is produced through mass polymerization, which is a more sustainable technology. Our SSBR and BR are essential elements to produce ABS by mass polymerization. This technology does not require water for the polymerization, thickening, washing or drying stages nor does require surfactants, defoamers or coagulants. Mass polymerization produces clearer ABS, uses less colorants and has a lower content of volatile organic compounds (voc).



**Compounds**

Thermoplastic compounds encompass a variety of sectors and their role on more sustainable products can be crucial. It is urgent to find sustainable solutions that can adapt to new regulations and that respond to the increasing consumer demand for more sustainable solutions. At Dynasol we are working in several initiatives such as improving recycled plastics, using bio monomers, seeking natural alternatives for the formula components of plasticizer or lightening compounds through foaming techniques.

• **SBS and SEBS**

**Plastic recycling**

Plastic waste is one of the biggest environmental concerns at the global level. The lack of biodegradability and its accumulation in nature have driven the use of recycled plastics. However, during the post-consumption reprocessing, plastics partially degrade losing its properties. Therefore, it is necessary a better recovery so they can be applied in

evermore demanding sectors. With this issue in mind, we have developed the products Calprene 700 and Calprene H6180X that facilitate the up cycling of different types of plastic waste such as propylene, polystyrene or polyethylene, improving their resistance to low temperatures and its processability and keeping the fluidity requi-

red for extrusion and injection processes. In this way, recycled plastics can have a second life, lower environmental impact and become more competitive against virgin plastics.

**Dynasol products were finalists in the "Elastomers for Sustainability" award 2020 granted by the European Rubber Journal.**

• **New sustainable accelerant**

**DCBS substitution**

At Dynasol we operate in accordance with the UE REACH regulations that protect human health and the environment. In addition, we are supporters of the new European Strategy for Safe Chemical Substances within the European Green Pact that drives innovation to develop safe and sustainable chemicals.

During this reporting period we sought a substitute for the accelerant DCBS of the sulphonamides family, which is widely used in the tire manufacturing sector. The DCBS is considered as a persistent, bioaccumulative and toxic substance (PBT) and is being currently assessed by the relevant authorities which could lead to its inclusion in the list of Substances of Very High Concern (SVHC). This could result in additional regulatory measures such as the approval or restriction of its use. Our new solution is an alternative with similar treatment kinetics as well as equivalent physical and dynamic properties and good age resistance without the persistence and bioaccumulation issues linked to DCBS.



• **INSAGUM 1028E**

## Gum polymers

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The product family INSAGUM has styrene-butadiene polymers which are specially designed and produced to use in chewing gum.

Chewing gum formulas contain antioxidants and food preservatives to extend the shelf life of the product. These elements must comply with stringent requirements such as no toxicity, effectiveness at low concentrations and stable processing conditions that avoid color,

odor, and taste effects in the products.

In this reporting period, we developed a new range of products within the INSAGUM family that responds to market trends regarding the use of natural ingredients. The new range, has the same quality and stability attributes that the regular product, creating in this way value for our customers



## • **Dynepave**

### **Asphalt modification additive**

At Dynasol we are developing solutions more respectful to the environment and the health of road construction workers. An example of this, is the Dynepave development which is at the validation stage. Dynepave, is a new cross-linked additive for asphalt modification free from elemental Sulphur and capable to significantly reduce toxic emissions when applied on roads. This additive provides excellent stability and good thermomechanical properties, which ensures roads' durability. The new concept aims to offer an easy integration to tar as well as the elimination of explosive atmospheres caused by suspended dust. The material is compatible with different sources and qualities of bitumen and complies with the Sulphur content restrictions of the maritime transport new regulation (IMO 2020).





# SAFE OPERATION



## Safe Operation

### • Safety

One of our key objectives is to ensure the wellbeing of our staff. For this reason, safety is a priority in all our worksites, and we identify, assess, and manage risks to protect our employees and surroundings.

We have zero tolerance for unsafe practices as we aim to achieve zero work-related accidents. In 2020 we started a leadership program on safety and environment called Avanza. Through this approach we have reduced the accident rate of the Group by 55% compared to 2017 (see table).



### 10 NUMBER OF ACCIDENTS\*

	2017	Total of accidents		
		2018	2019	2020
Global	18	15	14	8
The Americas	12	11	11	6
Spain	6	4	3	2

\* Individual accidents with and without leave



In this reporting period our Spanish sites have been certified with **ISO 45000:2018** and the certification of our Mexican sites is currently under way.



**11 SAFETY PERFORMANCE**

	Total working hours			IF			IFT			PSIR (IF TIER 1+2)		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Global	4,178,536	3,937,649	3,960,056	1.68	2.54	1.77	3.59	3.56	2.02	1.68	0.76	0.51
The Americas	2,754,008	2,638,100	2,813,304	1.8	3.7	2.1	3.9	4.1	2.1	1.8	0.3	0.7
Spain	1,424,528	1,299,549	1,146,752	1.4	0.0	0.8	2.8	2.3	1.7	1.4	1.5	0.0

\*IF: Index of accident frequency with leave. IFT: Total index of accident frequency. PSIR: Process Safety Incident Rate.

**•Our actions face to the COVID-19 pandemic**

Due to the pandemic our company established a new high-level body to coordinate actions of the Covid-19 Global Committee, which in turn coordinates the local committees at each worksite. To minimize risks from Covid-19 and to ensure the continuity of our operation, the Global Committee and each of the local commit-

tees, developed a protocol with preventive measures for the Group. This protocol was based on the requirements of relevant authorities and the recommendations of local and international health bodies.





The reference documents developed by the local committees include:

- ◆ Dynasol Action Plan for Covid-19, including the Health Action Plan
- ◆ Dynasol Business Continuity Plan for Covid-19
- ◆ Internal documents with measures to normalize operations after Covid-19



• Stakeholder relations during the Covid-19 Pandemic

At Dynasol Group we implemented early lock-down measures to protect our employees' health. In addition, during 2020 we were in continuous contact with our suppliers and improvised channels of communication to ensure compliance with the new permitted capacities, to learn about new covid-cases and to communicate regulations as well as providing hygiene and prevention information. We also developed contingency plans to ensure the continuity of our service and from the beginning of the pandemic our staff followed specific protocols. We also bought more than 500,000 facemasks to protect our employees. Covid-19 measures were also adopted by our suppliers even though in some cases we had to temporary close our sites to ensure compliance with the permitted capacity. [more information on our Covid-19 measures in page 30]

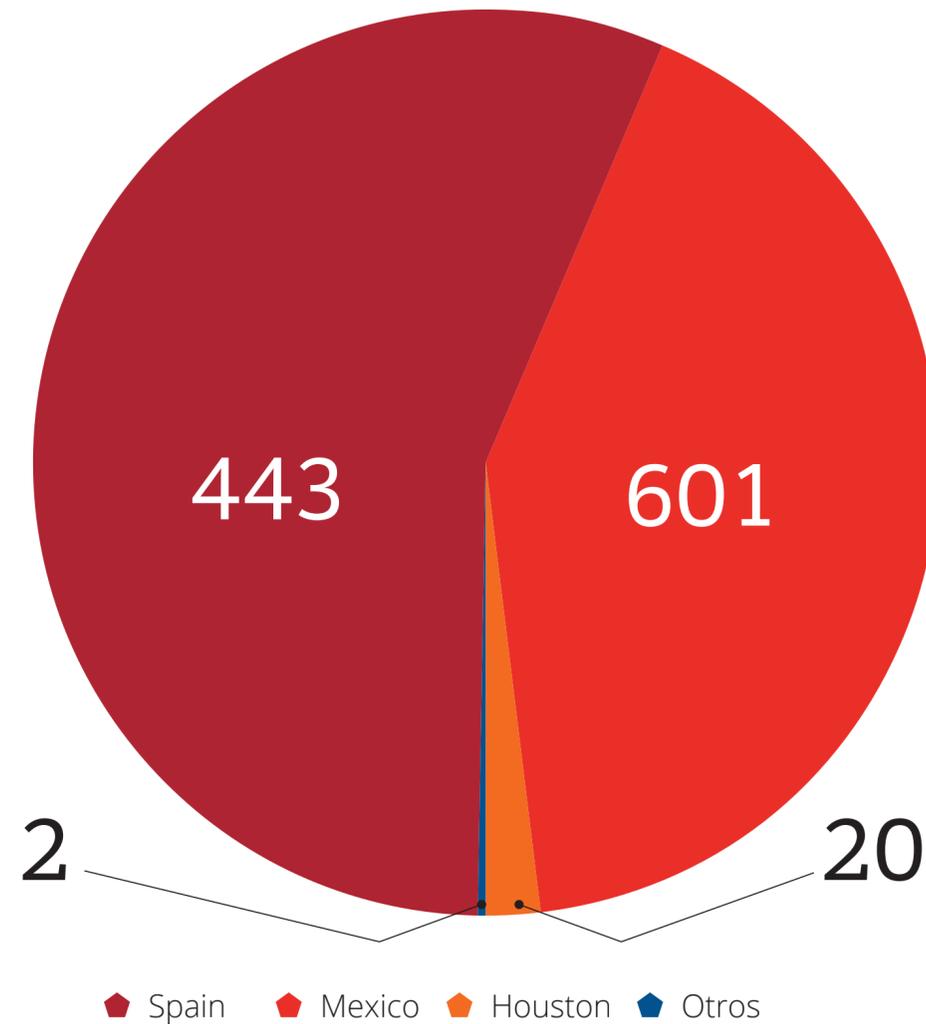


# PEOPLE AND COMMUNITY

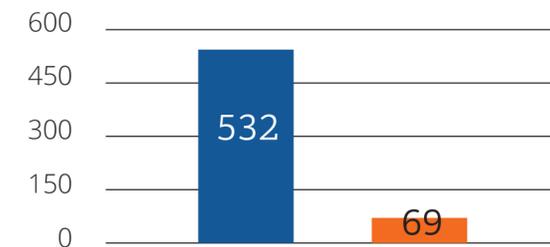


## Labor Rights

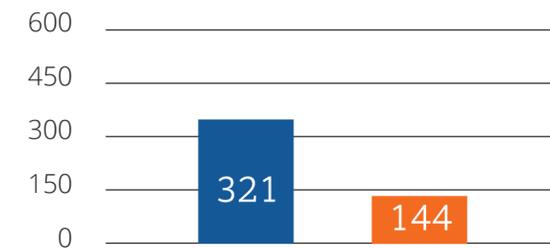
An essential element for our Group of Companies is their workforce. In December 2020 we had 1,066 employees in both Spanish and American corporations.



Employees in American companies



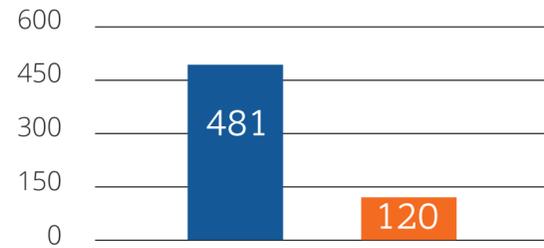
Employees in Spanish companies



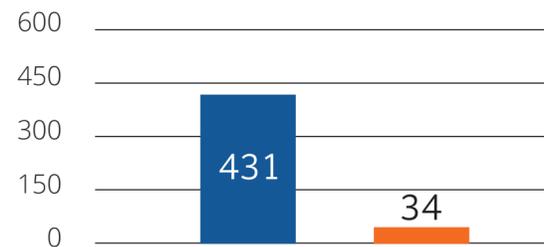
At Dynasol we offer primarily fixed contracts. In the Spanish companies 80% of the staff has a fixed contract. In the American companies, we have 92% of fixed contracts and 8% of temporary ones.

Employees per type of contract

American companies



Spanish Companies



◆ Fixed contracts    
 ◆ Eventual contracts

All employees of the Group are covered by Collective Agreements signed together with workers' representatives.



**• Home office and work flexibility**

Due to the Covid-19 pandemic and because the company prioritized staff's health, most of 2020 many employees worked remotely from their homes. The transition to this model has been successful in terms of operational continuity.

Work schedule flexibility became relevant for our employees to cope with this situation. Changes in schedules were made to protect the health of

our employees, to ensure the correct operation of the company and to promote work-life balance. In our Spanish sites we had already established a remote work model and the pandemic accelerated this process. In this reporting period, we developed a Remote Work Procedure for the sites in Mexico and Houston.



## Training and development of our employees

In 2020 we provided 29,979 hours of training. It is worth noting the increase of e-learning due to the global pandemic and as we were forced to change from on-site training to webinars and on-line education. As shown in the table, the number of training hours per employee was 15.

## 12 TRAINING HOURS

Position	2020				Total
	On-site (Women)	On-site (Men)	e-learning (Women)	e-learning (Men)	
Executive Directors	-	-	74	406	480
Non-unionized employees	1,083	1,022	4,969	10,663	17,737
Unionized employees	140	5,903	1,808	3,911	11,762
<b>TOTAL</b>	<b>1,223</b>	<b>6,924</b>	<b>6,852</b>	<b>14,980</b>	<b>29,979</b>

In 2020 we implemented 92% of our Annual Global Training Program, a higher percentage than in 2019 (84%).

Some of the training programs we implemented are:

- ◆ **Leadership DNA:** Program for the 30 heads of the Group that provided 80 hours of training on leadership skills per participant.
 

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- ◆ **Third edition of Protalent:** Training program for management positions of the Company. It started in 2019 and ended in 2020. It provided a total of 58 hours of management training per person.
 

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- ◆ **Executive Development Program:** In 2020 we began a training program for all the directors at Dynasol Group.
 

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In addition, at Dynasol we are convinced that performance assessments and feedback are fundamental for our employees' development, thus, we have robust processes to do so (see figure)

- 

1 Definition, monitoring, and assessment of objectives, competences, and behaviors (non-unionized employees) through the SuccessFactors Platform.
- 

2.1 Individual Performance Assessments For unionized employees in Spain
- 

2.2 Collective Performance Assessments Based on Union agreements for employees in the Americas
- 

3 Due diligence and oversight by the Human Resources Department and the Executive Committee

The results of the performance assessment are reviewed during the internal promotion processes. During this reporting period 100% of our employees was assessed.

## Diversity and equal opportunities

One of our sustainability objectives in 2020 was to develop an internal Equality Document to establish the foundation for an inclusive operation that provides equal opportunities for all.



The document focuses in three pillars that will guide all employees of the group:

- 1 Advance toward gender equality.
- 2 Promote actions and policies that favor a better work-life balance for employees.
- 3 Undertake actions that promote diversity.

These pillars aim to ensure gender equality and non-discrimination on the grounds of gender, age, race, or social status and to promote a work environment that is productive, empowering, and diverse.



We employ  
**13**  
people with  
disabilities.

## • Inclusion program

One of our focus areas during this reporting period was to provide employment opportunities to generally excluded groups, in particular people with disabilities. Through our Global Action Plan we achieved a more inclu-

sive workplace and by the end of the reporting period, we had 13 persons with a disability working in the company.

The Action Plan aims to strengthen our inclusion commitment of the Group and expand it across the company (see figure)

### Action Plan Principles

- ◆ Respect for the differences and acceptance of people with disabilities.
- ◆ Work with society and the communities where the company operates.
- ◆ Inclusion of people with disabilities.
- ◆ Equal opportunities for all.
- ◆ Employee awareness.
- ◆ Normalize disabilities.
- ◆ Improve access for people with disabilities.
- ◆ Promote participation of people with disabilities in corporate settings
- ◆ Regulatory compliance.

### Expected impact

- ◆ To raise awareness among our employees.
- ◆ To become a company committed to inclusion and equal opportunities.
- ◆ To contribute to an inclusive society.

## Communities

In 2020 we carried out several activities for the communities where we operate:



### • Solidarity Dynasol Race:

In January 2020, Dynasol Group in collaboration with organizations in Spain and Mexico, held a solidarity race with employees from Santander, Altamira and Houston to raise funds for child cancer.

### • Medical Supplies Donation:

We contributed to the fight against Covid-19 by donating medical protection supplies to Hospitals in Mexico (Carlos Canseco- Tampico, IMSS- Altamira) and Spain (University Hospital Marques de Valdecilla-Santander).

### • Dynasol Zero Hunger Project:

For the second year in a row, we collaborated with the Spanish Federation of Food Banks (FESBAL a per its Spanish Acronym) in the Great Food Collection which in this occasion was held on-line. We collected 136,509 kilos of food that was distributed among people in vulnerable situations.

### • Spanish Trawler Championship– Dynasol Grand Prix:

We held the Spanish Trawler Championship in Cantabria where we delivered the Dynasol Grand Prix. This sport event reflects the values inherent to our Be More culture

### • Activities of the Abaistac Committee:

Our committee donated facemasks for the frontline medical staff at the IMSS Madero Hospital.

### • Chain of Favours Project:

This project aims to help vulnerable groups by supporting them with staples and basic goods. Our team obtained donations and made a collection of diapers and baby food. In addition, we organized a fundraising sweepstake.

### • Recycling Marathon:

We organized a recycling campaign involving our contractors and suppliers and collected more than 100 kg of PET to promote a circular economy approach.



## Ethics and Transparency

At **Dynasol**, we seek to act in accordance with our values and Code of Ethics and we have several instruments to ensure an ethical and transparent operation.

### • Regulatory Compliance Model (RCM)

During this period, we developed and formalize our Regulatory Compliance Model (RCM) involving all the areas of the Group. The RCM is the group of norms, policies, procedures, controls, and good practices adopted by Dynasol to mitigate and manage potential compliance risks. The model aims to ensure regulatory compliance and the observance to our voluntary commitments to avoid reputational risks.

The model covers the following risks areas:

- Environment
- Human Resources
- Crime prevention model
- Financial information internal control system
- Money laundering
- Anticorruption
- Seizures and sanctions
- Fiscal
- Data protection regulation
- Unfair competition

We have a Compliance Committee that oversees and supervise the RCM model with support of Risk Managers and Risks Coordinators of each Department

Within this framework, our company undertakes several activities organized as follows:



**Prevention Phase:** activities and initiatives to prevent behaviors that may undermine applicable regulations or internal rules.



**Verification Phase:** Assessment and certification of the model to keep it current.



**Reporting Phase:** The Compliance Committee reports results of the model to the Board of Directors on an annual basis.

In 2020 we carried out the following actions:

- Formalization of a Compliance Government Body and approval of regulations, policies and procedures regulating the Regulatory Compliance Model.
- Implementation of a software tool to manage, follow-up and evaluate the Model.
- Launch of a communication campaign about the model across the organization.
- Training for the Board of Directors and Executive Team.

## • Responsible Taxation

Resulting from our commitment to transparency we publish fiscal information regarding our activities.

### Responsible Taxation: Payments to governments

#### 13 DYNASOL GROUP - TAX PAID PER COUNTRY IN 2020<sup>(1)</sup>

País	Fiscal burden Thousand dollars						Tax raised Thousand dollars					
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
	Corporate tax		Other		Total		VAT		Withholding		Total	
Spain	8,575	4,085	7,237	8,476	15,812	12,560	0	0	8,056	13,498	8,056	13,498
France	114	124	101	201	215	325	415	0	17	26	432	26
Italy	49	40	42	48	91	88	0	0	40	41	40	41
Portugal	0		0		0	0	1,493		0		1,493	0
Germany	0		0		0	0	281		0		281	0
Mexico	15,918	6,927	5,404	3,646	21,322	10,573	5,645	2,442	4,749	5,595	10,394	8,037
USA	830	874	1,488	160	2,318	1,034	0	0	28	130	28	130
<b>TOTAL:</b>	25,486	12,050	14,272	12,531	39,758	24,580	7,834	2,442	12,890	19,290	10,302	21,732

The economic conditions derived from the COVID-19 pandemic and their impact on our business, resulted in a reduction of taxes paid in 2020 financial year compared to the previous fiscal period.

# GRI INDEX

GRI Standard	Disclosure	Page / Information
GRI 101: Fundamentals 2016 GRI 102: General Disclosures 2016		
<b>Organizational Profile</b>		
102-1	Name of the organization	3
102-2	Activities, brands, products and services	7
102-3	Location of headquarters	7
102-4	Location of operations	7
102-5	Ownership and legal form	9
102-6	Markets served	7
102-7	Scale of the organization	5, 7
102-8	Information of employees and other workers	29, 30
102-9	Supply Chain	13
102-10	Significant changes in the organization and its supply chain	No changes in size, structure, or ownership of Dynasol Group or its supply chain to report.
102-11	Precautionary principle or approach	17
102-12	External Initiatives	11
102-13	Membership of associations	CEFIC, ERCA (European Rubber Chemicals Association), AISTAC
<b>Strategy</b>		
102-14	Statement of senior decision-maker	4
102-15	Key impacts, risks, and opportunities	4
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards and norms of behavior	10
102-17	Mechanisms for advice and concerns about ethics	Dynasol Group possess a Code of Ethics and Behavior (CoEB) to establish general guidelines of behavior for the Group and all its employees when fulfilling its operation and business relations in accordance with the laws of every country we work and respecting the ethical principles of their respective cultures on behalf of the company.

For any question or enquiry regarding the application of this Code of Ethics and Behavior or to report any inappropriate behavior of an employee of Dynasol Group or a third party we provide a feedback mechanism: [buzontransparencia@dynasol.com](mailto:buzontransparencia@dynasol.com)

This mailbox is managed by the Compliance Committee who oversees our Compliance Model and who during 2019 and 2020 worked on its design and implementation and provided a roadmap to ensure the resources to create a compliance culture throughout the Company.

The CoEB is communicated to suppliers and customers as well as to the new employees who are compelled to know it and undertake a specific training. The company has an internal inquiry process to investigate situations that could be seen as risks or if there is suspicion of acts attributable to the legal entity or potential breaches to the Dynasol Crime Prevention Model as well as if there are risks identified in the Regulatory Compliance Model that could signify a legal breach and thus result in liability for the offender or/and for any company of Dynasol Group. In this procedure is based on the fundamental principle of zero tolerance of any retaliation regarding the individuals that in good faith communicate potential breaches or suspicion of crimes attributable to the legal entity within the framework of the Regulatory Compliance Model.

GRI Standard	Disclosure	Page / Information
<b>Governance</b>		
102-18	Governance structure	The Board of Directors is the highest management body of Dynasol Group and is constituted by representatives of both shareholders: Repsol and KUO. The Executive Committee is led by the CEO of Dynasol Group and it is comprised by seven Directors that lead the following departments: Technology, Human Resources, Supply Chain, Commercial, Finances and IT as well as Operations.
<b>Stakeholder engagement</b>		
102-40	List of stakeholder groups	14
102-41	Collective bargaining agreements	All our employees are covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	14
102-43	Approach to stakeholder engagement	14
102-44	Key topics and concerns raised	14, 16
<b>Reporting practice</b>		
102-45	Entities included in the consolidated financial statements	"Dynasol Group prepare two consolidated financial statements, one for the Spanish group and one for the Mexican group. (i) Within the Spanish statements the following entities are consolidated: Dynasol Gestión, S.L., Dynasol Elastómeros, S.A.U., General Química, S.A.U. y Dynasol LLC (ii) within the Mexican group the following entities are consolidated: Dynasol Gestión México, SAPI de CV, Dynasol Elastómeros, SA de CV; Industrias Negromex, SA de CV; Dynasol China, SA de CV y DYNASOL Altamira, SA de CV"
102-46	Defining report content and topic boundaries	15, 16
102-47	List of material topics	16
102-48	Restatements of information	No relevant restatements for this reporting period
102-49	Changes in reporting	There are no changes in relation to the material topics and its boundaries. Our materiality matrix is included in the report.
102-50	Reporting period	3
102-51	Date of most recent report	The last report covered the period of January-December 2019.
102-52	Reporting cycle	3

GRI Standard	Disclosure	Page / Information
102-53	Contact point for questions regarding the report	3
102-54	Claims of reporting in accordance with the GRI standards	The report has been prepared in accordance with the GRI Standards core option.
102-55	GRI Content Index	37
102-56	External assurance	This report has not been subjected to external verification.
<b>Material aspects</b>		
<b>Economic Performance</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and boundary	8
103-2	The management approach and its components	8
103-3	Evaluation of the management approach	8
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	8
<b>Circular economy and zero waste</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and boundar	17
103-2	Management approach and its components	17
103-3	Evaluation of the management	17
<b>Sustainable water management</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and boundar	18, 19
103-2	Management approach and its components	18, 19
103-3	Evaluation of the management approach	18,19

GRI Standard	Disclosure	Page / Information
GRI 303: Water and effluents 2018		
303-1	Interaction with water as shared resource	18
303-2	Water effluents impact management	19
303-3	Water withdrawal	18
303-4	Water effluents	19
303-5	Water consumption	18-19
<b>Emissions</b>		
GRI 103: Enfoque de gestión 2016		
103-1	Explanation of the material topic and boundar	20
103-2	Management approach and its components	20
103-3	Evaluation of the management approach	20
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	20
305-2	Indirect (Scope 2) GHG emissions	20
305-5	GHG emission reduction	20
<b>Energy</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and boundary	21
103-2	Management approach and its components	20, 21
103-3	Evaluation of the management approach	21
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	20
302-4	Reduction of energy consumption	20

GRI Standard	Disclosure	Page / Information
<b>Safe operation</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and boundary	26
103-2	Management approach and its components	26-28
103-3	Evaluación del enfoque de gestión	26, 27
GRI 403: Occupational health and safety 2018		
403-1	Health and safety management system	26
403-5	Workplace health and safety training	27
403-6	Promoting workers' health	27,28
403-9	Workplace injuries	26
<b>Labor rights</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and boundary	29
103-2	Management approach and its components	29, 30
103-3	Evaluation of the management approach	29, 30
<b>Diversity and equal opportunities</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and boundary	32
103-2	Management approach and its components	32, 33
103-3	Evaluation of the management approach	32,33
<b>Training and development of our employees</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and boundary	31
103-2	Management approach and its components	31, 32
103-3	Evaluation of the management approach	31, 32

GRI Standard	Disclosure	Page / Information
GRI 404: Training and education 2016		
404-1	Average hours of training per year per employee	31
404-2	Programs for upgrading employee skills	31
404-3	Percentage of employees receiving regular performance and career development reviews	32
<b>Communities</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and boundary	34
103-2	Management approach and its components	34
103-3	Evaluation of the management approach	34
<b>Ethics, Integrity and Transparency</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and boundary	35, 36
103-2	Management approach and its components	35, 36
103-3	Evaluation of the management approach	36
<b>Innovation</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and boundary	22
103-2	Management approach and its components	22-25
103-3	Evaluation of the management approach	22



**Dynasol**  
Group

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