

# Sustainability Report

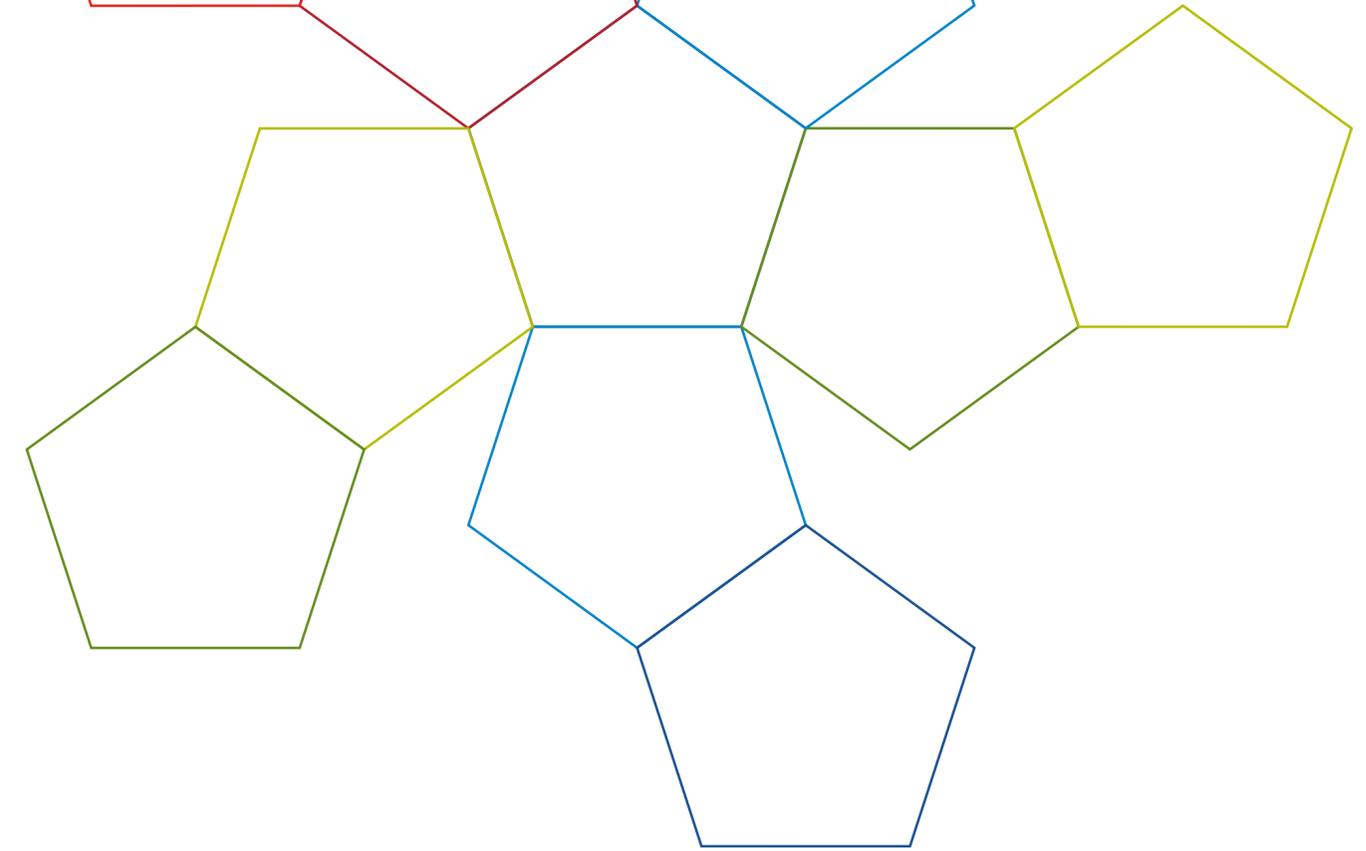


The financial information related to Dynasol Group is proforma with consolidated data of the two holdings of the Group (Dynasol Gestión and Dynasol México). We only include information regarding the companies in which Dynasol Group has full management control.

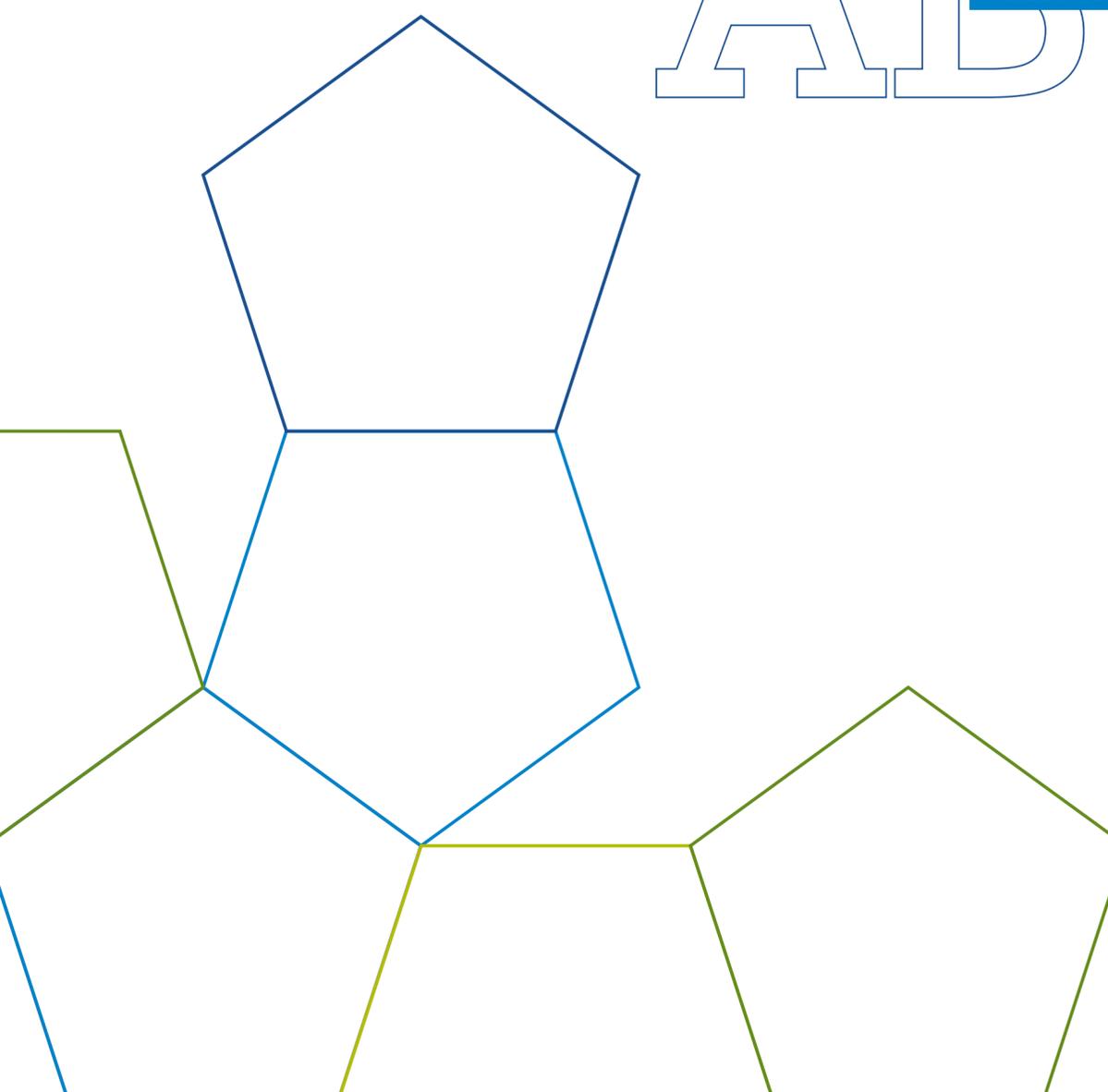
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# ABOUT

this report

It is with great satisfaction that we present our 2021 Sustainability Report, which reflects our company efforts and commitment. This is the first time that we report in compliance with the Spanish Regulation 11/2018 of Non-Financial and Diversity Statement which requires companies with more than 250 employees to report on social, environmental, and human rights issues as well as on the efforts against corruption and bribes.

In this context, we present our report covering the period from January 1st to December 31st, 2021. The report has been prepared in accordance with the GRI Standards core option.

For any inquiries about its content, please write to:

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# MESSAGE

from the CEO

2021 has been marked by great volatility in raw materials and energy prices. There have been supply chain issues in all regions and a demand recovery after a pandemic and its limited activity due to the confinement. In this complex environment, we continued providing excellent service to our customers whilst looking after our employees' health and adopting appropriate safety measures at each of the locations we operate.

Our Group has demonstrated again its resilience and we obtained extraordinary results thanks to all our team. In addition, we generated value for our shareholders and were able to implement growth projects to ensure the company's future. The consolidated EBITDA of the company reached more than 128 USD million and a net profit of 82 USD million.

In 2020 the pandemic increased

the environmental awareness and when the industrial activity stopped, the CO2 emissions were reduced globally. Our company continues working towards the UN 2030 Agenda and objectives, and for the first time, we integrated sustainability concerns to our business strategy to address social, economic, and environmental considerations.

We obtained the 'Ecovadis Gold Rating' improving by two points our overall rating. We continue to focus on reducing our direct and indirect CO2 emissions, and in 2021, all the energy consumed by our plants in Spain came from renewable sources (82,000 MWh), avoiding the emission of 22,000 tons of CO2. In addition, by calculating the carbon footprint of all our product families (scopes 1, 2, and 3), we identified the areas of our supply chain that generate more emissions and we are working with

the relevant stakeholders to reduce them. For the first time, as Dynasol Group we responded the CDP (carbon disclosure project) questionnaire and established sustainability long-term objectives for 2030 including to become carbon neutral by 2050.

At Dynasol we are committed to provide purposeful careers for our employees, emphasizing their collective and individual development. In 2021 we adapted the Group's structure to the specific needs of our employees. We also promoted a more diverse and inclusive workplace integrating people from different nationalities, age, gender, and disabilities.

During this period, we also made progress towards our zero-accident goal by extending the safety certification to all our operating centers. We also carried out actions to support the communities

where we operate as part as the social responsibility local action plans.

We continue working to provide the best service to our customers and in 2021 we implemented two major projects at our Chemical plant to increase the sulfonamides and TMQ capacity in 1,500 and 7,500 tons respectively.

In sum, 2021 has been a great year for Dynasol which has allowed us to grow and to continue making progress on our sustainability commitment.



***In 2021 we set goals very ambitious of sustainability long-term, specifically to 2030, including scope neutrality weather."***

**Felipe Varela Henández**  
CEO of Dynasol Group

EBITDA: Earnings calculated before deductibility of financial expenses.



# 2021

## Highlights



**1,116**

employees in Spain, Mexico, and the US



**+257**

thousand tons produced



**86%**

of our suppliers are local



**50%**

less work accidents



**22,494**

training hours



**332**

\*patents



We avoided the emission of

**21**

thousand tons of CO2



**4.5**

million plastic packaging recycled

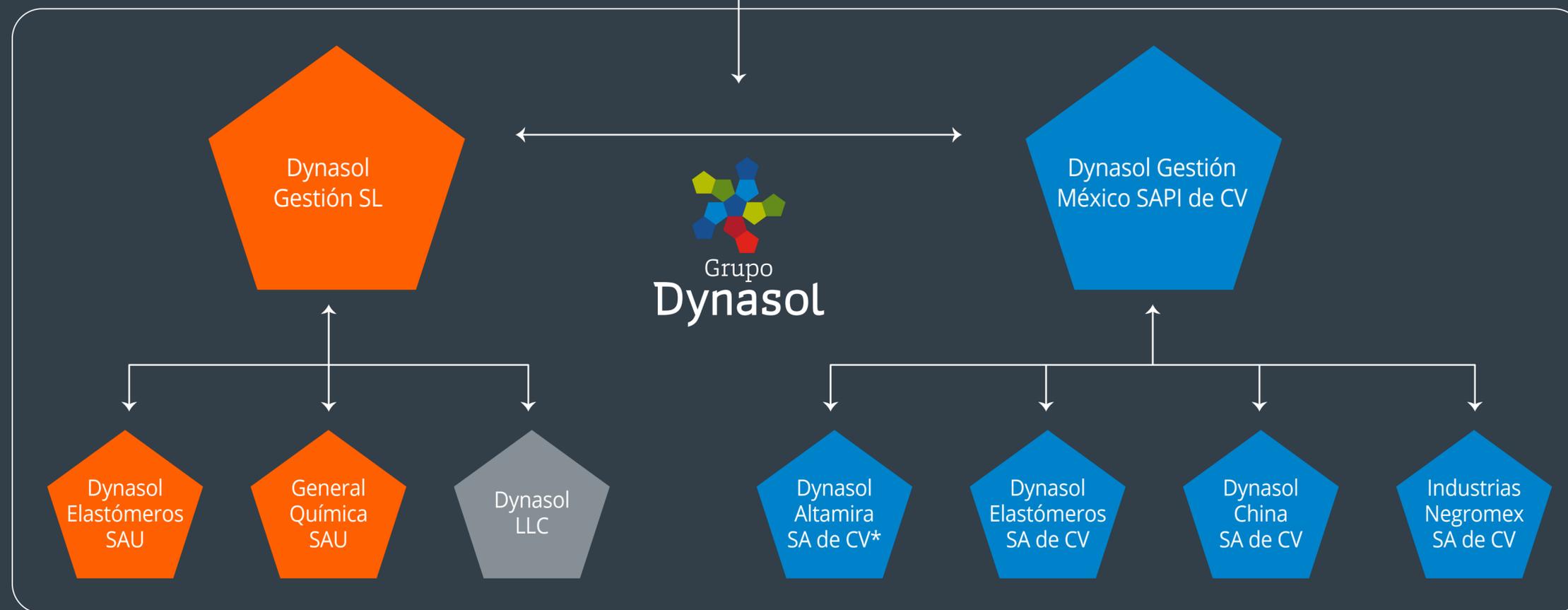


Ecovadis Gold Rating

\*185 granted/147 pending

# COMPANY structure

We have nine entities in three countries: Mexico, Spain and the USA.



- Spain
- Mexico
- USA

\*From 1/6/21 Dynasol Altamira is taken over by Dynasol Elastómeros S.A de C.V.

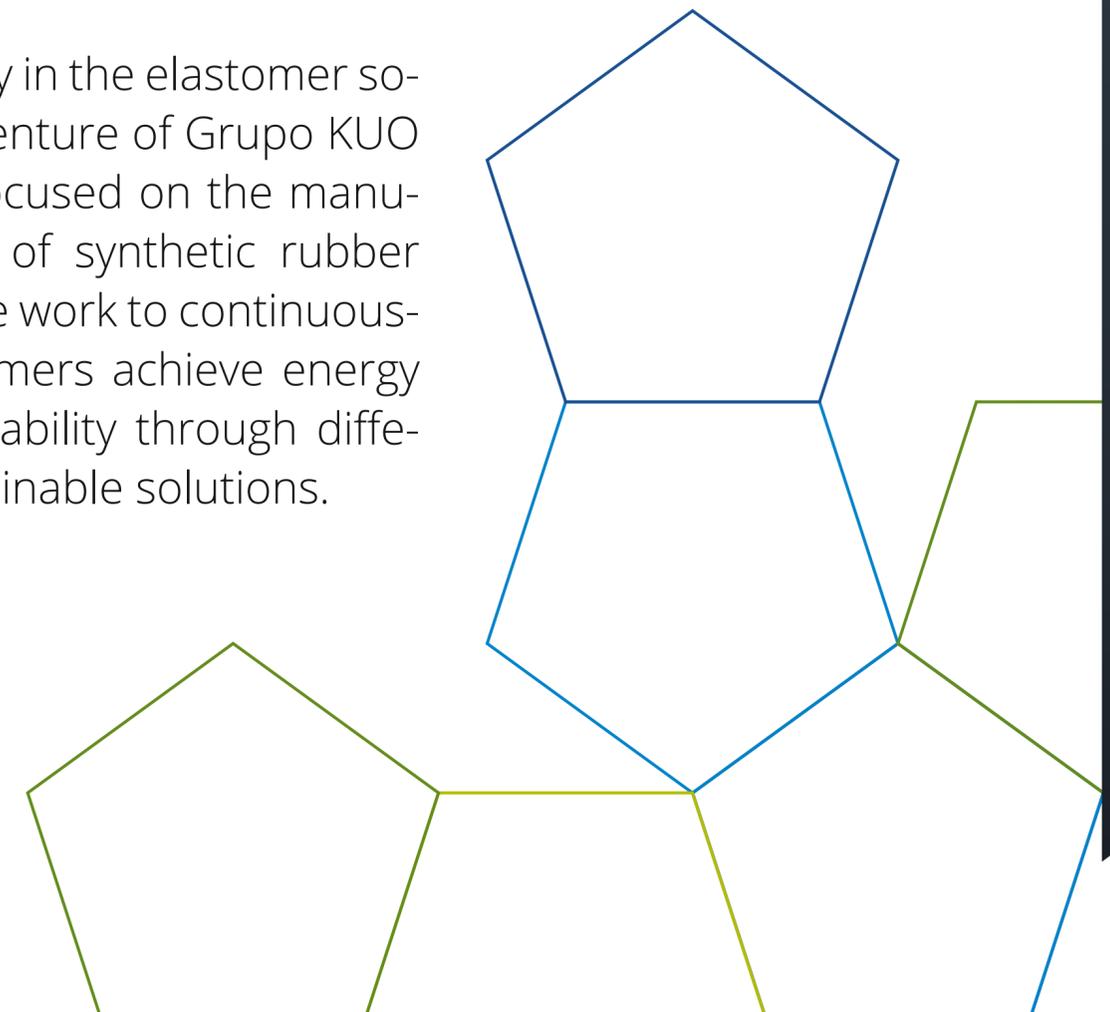


# ABOUT

Dynasol Group

We are a leading company in the elastomer solutions market. As joint venture of Grupo KUO and Repsol, Dynasol is focused on the manufacture and distribution of synthetic rubber and rubber chemicals. We work to continuously innovate so our customers achieve energy savings and product durability through differentiated and more sustainable solutions.

**SUSCHEM<sup>ES</sup>**  
Química Sostenible



We are present in several countries and have production centers in Spain and Mexico as well as joint ventures producing synthetic rubber in China\*.

\*We include only information from companies in which Dynasol Group has total management control.



### Altamira, Mexico

Capacity:  
240,000 tons  
1 Pilot plant  
eSBR, sSBR, NBR, SBS

### Santander, Spain

Capacity:  
120,000 tons  
1 Pilot plant  
SBS, SEBS

### Alava, Spain

Capacity:  
30,000 tons  
Accelerants, antioxidants, phytosanitary, sulphur, sodium hydrosulfideo

**Headquarters**  
Madrid, Spain

**Commercial offices**  
Altamira, Mexico  
Mexico City, Mexico  
Houston, USA  
Madrid, Spain  
Alava, Spain

**External Warehouses**  
New Jersey, USA  
Ontario, Canada  
Houston, USA  
Singapore  
Leon, Mexico  
Charleston, USA  
Brownsville USA

# ECONOMIC and financial data



## 1 EQUITY, ASSETS AND SALES

Information	USD million
Equity	540
Total assets	802
Net sales	778

## 2 SALES BY REGION

Region	Thousand Tons	USD million
Americas	154	405
Asia	8	24
Europe	125	343
Rest of the world	3	6
<b>Total</b>	<b>290</b>	<b>778</b>

## 3 FINANCIAL DATA

	MUSD*
<b>Direct economic value generated</b>	<b>805</b>
Net sales, other income and benefits	804
Financial income	1
<b>Direct economic value distributed</b>	<b>731</b>
Operating costs	609
Employee wages	50
Payments to government	41
Payments to providers of capita	32
<b>Economic value retained (VEG-VED)</b>	<b>74</b>
Economic support by government bodies	0.2

NOTE: All the financial information related to Dynasol Group is proforma with consolidated data of the two holdings of the Group: Dynasol Management and Dynasol Mexico



# CULTURE

and values

The mission and vision of the company are key to achieve our objectives, and together with our principles they are part of the Dynasol culture that guides our work.

## MISSION

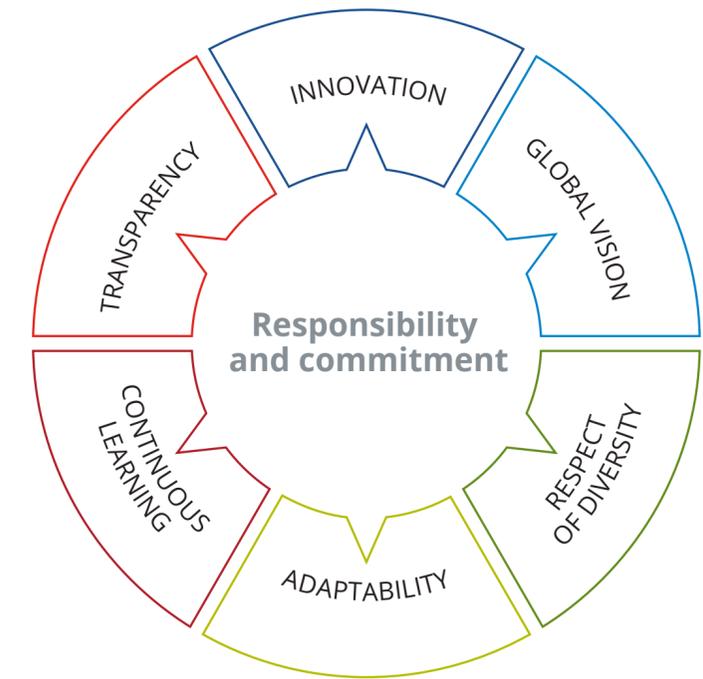
To provide different solutions for the elastomers and chemicals market, through technology, innovation, and an excellent customer service, while respecting the environment, and focusing on creating sustainable value for our stakeholders.

## 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 seizing growth opportunities.

## PRINCIPLES

Our principles are comprised of 6 values that allow us to achieve our business objectives, drive employees' commitment and contribute to talent attraction and retention. They also help us to foster loyalty of our stakeholders and to improve our economic performance.



### RESPONSIBILITY AND COMMITMENT

We fulfill and are committed to the roles and functions assigned by the organization, respecting safety and environmental, processes.

#### TRANSPARENCY

We work under the assumption that all the information we manage is accessible, truthful, comparable and seeks information to generate trust

#### INNOVATION

We promote active listening and openness to create new products and to improve the quality of the existent ones. We value the contribution of every employee the in value generation of our company.

#### GLOBAL VISION

We understand our business components and their contribution and impact to the overall results of

Dynasol Group.

#### RESPECT OF DIVERSITY

We know that there are diverse ways of work, understand, and manage. This diversity offers a competitive advantage that allows to provide creative and differentiated solutions

#### ADAPTABILITY

We are capable to adapt to circumstances in an agile and effective manner

#### CONTINUOUS LEARNING

We are open to change and to reinventing ourselves through individual and organizational learning.

# CERTIFICATIONS

and standards

At Dynasol Group we continuously improve our processes by sharing and adopting best practices and international standards. This has allowed us to generate value through our products and to receive certifications and distinctions:



Certifications		Altamira Emulsion Plant	Altamira Solution Plant	Santander Solution Plant	Chemicals	Dynasol Management
Environment	ISO 14001: 2015	Red Diamond	Green Diamond	Blue Diamond	Blue Diamond	
	ISO 14064: 2012			Blue Diamond	Blue Diamond	
Quality	ISO 9001:2015	Red Diamond	Green Diamond	Blue Diamond	Blue Diamond	Black Diamond
	FSSC 22000: 2018	Red Diamond				
	IATF 16949:2016				Blue Diamond	Black Diamond
	FDA	Red Diamond				
	KOSHER	Red Diamond				
Health and Safety	ISO 45001:2018	Red Diamond	Green Diamond	Blue Diamond	Blue Diamond	

## ECOVDIS

Ecovadis evaluates companies' social responsibility performance based on international standards and assessments overseen by a supply chain expert committee.

In 2021, Ecovadis granted Dynasol Group the Gold Rating. This places our company in the top 5% of our sector in terms of supply chain and sustainability.

## CDP

Carbon Disclosure Project (CDP) is a non-profit organization that evaluates companies' environmental management and promotes CO2 emissions reduction and their appropriate disclosure.

In 2021, Dynasol Group obtained a **C rating in the Climate Change CDP Questionnaire** and a **B- in the Supplier Commitment assessment**. CDP aims to accelerate global action on the CO2 supply chain emissions of companies.

# SUPPLY **chain** LY

## SUPPLIER RELATIONS

Our Group contributes to the communities where we operate by selecting local suppliers and promoting their economic development and job creation. Our company uses sustainable procurement practices that consider safety, environmental, compliance and transparency aspects, promoting sustainability throughout the value chain.

Our company's supply chain policies and standards provide criteria and guidelines for purchases of goods and services based on attributes such as price, quality, and payment terms as well as social and environmental aspects.

All suppliers adhere to the Code of Ethics of the Group and comply with strict safety and environmental standards. They are also required to have



### PERCENTAGE OF LOCAL SUPPLIERS

	2020	2021
% of local suppliers	86%	86%
Mexican holding	84%	84%
Spanish holding	88%	88%
Budget spent on local suppliers (USD million)	348	574

environmental management systems in place for commercial activities and the use of chemicals. We seek a sustainable procurement process that contributes to reduce our Group's carbon footprint by promoting packaging optimization and reuse.



## Development of sustainable packing



Our ultimate objective is to promote the development of a solid base of suppliers, contractors, and employees. In compliance with our Code of Conduct and Ethics, every interaction with suppliers is guided by transparency and equal opportunities principles.

## CUSTOMER RELATIONS

Dynasol management processes are based on the international recognized ISO 9001 and IATF 16949 standards. As a result, and to respond to our client's satisfaction we have a complaint technology-based management system that allows the appropriate management, follow-up, and measurement of customer complaints. In 2021, the number of received claims decreased in 10% compared to the previous year and continued with a positive trend in terms of reduction and management of claims.

We are committed to identify and prioritize our customers' needs to develop new products and services and improve their experience.



# SUSTAINABILITY

Strategy 2030

Our Sustainability Strategy, match the priorities of our stakeholders with objectives that guide our actions.

Our company promotes inclusive and sustainable growth in all locations where we operate. Through shared value generation we drive decent job creation and quality life standards.

We have established long term commitments for each strategic pillar.

By 2050 Dynasol will be a **Carbon Neutral company** with net zero emissions.



## PEOPLE AND COMMUNITY

- Apply compensation and acknowledgment policies that ensure no gender discrimination



## ETHICS AND TRANSPARENCY

- Improve human rights compliance throughout the value chain



## INNOVATION

- Apply eco-design methodology in 100% of the new projects.
- 70% of R&D efforts focused on sustainable projects\*\*
- Increase the portfolio of sustainable products

\*vs 2019

\*\*In relation to circular economy projects, reduce carbon footprint and/or reduce or eliminate substances with high impact on environment or health.



## ENVIRONMENT

### CLIMATE CHANGE

- 60% renewable energy consumption
- GHG intensity reduction by 30% (scopes 1,2, 3) \*
- VOCs reduction by 50%\*
- Reduction of water consumption by 30%\*

### CIRCULAR ECONOMY

- 20% of sustainable raw materials
- Valorization of 50% of generated waste



## OPERATIONAL SAFETY

- Zero accidents

# SUSTAINABILITY

## Plan and SDGs

Dynasol Group Sustainability Strategy is aligned to the group's strategic plan that guides our company's actions and objectives considering social, economic, and environmental aspects. This plan is a roadmap to achieve social and environmental goals as well as generate value for our stakeholders. .

Aware of the impacts of our Group's activity, we set sustainability annual goals aligned to our long-term objectives and the UN Sustainable Development Goals. These objectives are classified in one of the 5 pillars of our Sustainability Plan.

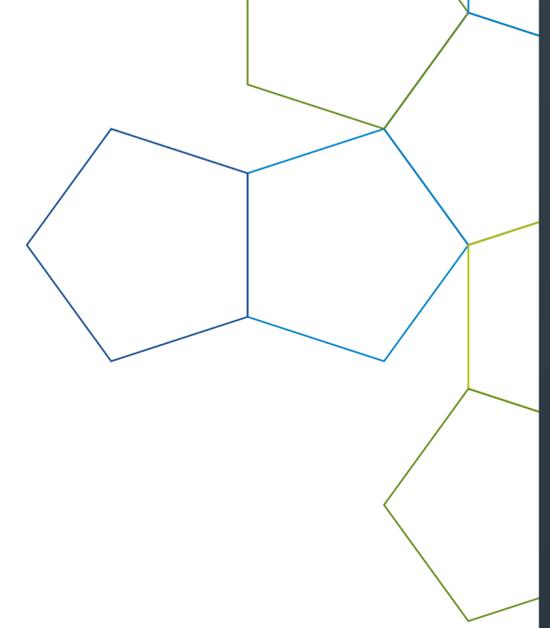
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-  Environment
-  Ethics and transparency
-  People and community
-  Operational safety
-  Innovation

# 2021 Commitments



PILLAR	2021 TARGET	STATUS
<b>Environment</b>	Increase our R&D efforts in sustainable projects	★
	Increase the number of re-used packaging	⚙️
	Reduce water consumption.	⚙️
	Reduce the CO2 emissions per ton transported	★
	The Carbon footprint for all our product families	★
	Reduce the steam and electric power consumption per ton of product	★
	Reduce solvent shrinkage	★
	Continue Improving the quality of our effluents	★
	Renew the 14001 certifications at all our sites	★
<b>People and Community</b>	Issue an Equality Policy	★
	Comply with our Annual Development Plan	★
	Implement the plan to work with people with disabilities	★
	Develop action plans to sign collaboration agreements with education institutions	★

PILAR	COMPROMISOS 2021	ESTATUS
<b>Operational Safety</b>	Safety Leadership Program	★
	ISO 45001 certification of sites	★
	Reduce the total number of accidents	★
<b>Ethics and Transparency</b>	Awareness campaign to promote a compliance culture within our Group	★
<b>Innovation</b>	Processes automatization	★
	Implement the eco-design methodology to integrate environmental considerations in the product design and R&D processes	★
	R&D investment efficiency	★

★ Accomplished      ⚙️ In process



# MATERIALITY MATRIX

At Dynasol Group we have several communication channels and mechanisms that get us closer our stakeholders to listen their expectations and interests and engage them in our commitment to a more sustainable future.

To comply with the non-financial disclosure requirements, we carried out a materiality analysis in accordance with the GRI standards, which are international referents on sustainability reporting. We also consider the UN Sustainable Development Goals.

## Stakeholders

- Shareholders
- Employees
- Customers
- Competitors
- Suppliers and external services
- Authorities
- Local community
- Political and non-profit organizations
- Financial sector
- Insurance companies
- Academic institutions

Our materiality analysis was based on a sector study as well as an online survey for customers and suppliers and focus groups with different areas and functional categories of employees. This process consisted of four stages: Identification, Prioritization, Validation, Review

The materiality analysis helped us to better understand and prioritize the most relevant sustainability topics for our stakeholders:



## ENVIRONMENT

- 1 Climate change
- 2 Sustainable use of water
- 3 Emissions reduction
- 4 Sustainable use of energy
- 5 Waste management
- 6 Product carbon footprint



## OPERATIONAL SAFETY

- 7 Health and safety in the workplace



## PEOPLE AND COMMUNITY

- 8 Diversity and equality
- 9 Wellbeing of employees



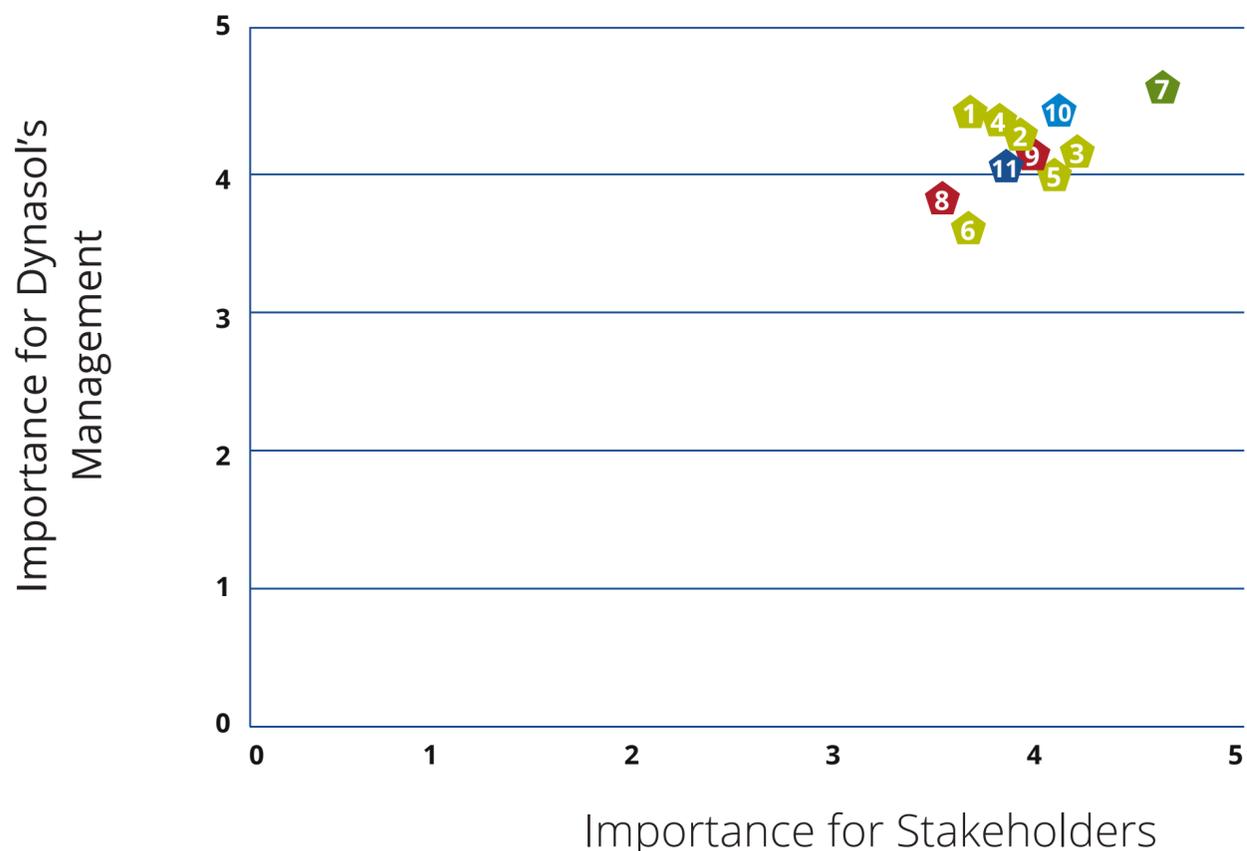
## ETHICS AND TRANSPARENCY

- 10 Anticorruption and compliance



## INNOVATION

- 11 Innovation and development



# ENVIRONMENT

At Dynasol Group we work to reduce the environmental impact of our operations and projects. Environmental protection is one of the pillars in our Sustainability Strategy and we have a Health, Safety and Sustainability Policy based on the environmental management standard ISO14001:2015, that applies to the Group.





## CIRCULAR ECONOMY AND THE SUSTAINABLE USE OF RESOURCES

**Our Group is continuously searching innovative solutions for circular production models with lower environmental impact.**

### **Circular and 'bio' materials\***

In 2021 we explored the use of circular materials in our manufacturing processes for rubber and rubber chemicals. We identified the need to certify Dynasol Plants with ISCCC Plus to access raw materials with better environmental impact and lower CO2 emissions. In 2022 we will continue to search new materials and we will start the certification process for our sites. Using this type of materials will have a positive impact on rubber and chemical products CO2 emissions by promoting circularity and waste reduction.



### **Packaging**

In 2021, we increase in 22% the number of reused bottles for the SBS and SSBR families. As a result, we recycled more than 4.5 million plastic packaging equivalent to the annual waste of 6,090 people.

For 2022 we have new objectives to increase the number of reused packaging and increase by 10% the bigbags re-used (flexible bins to transport and store product). We have now an efficiency packaging and logistic cycle end-product indicator to reduce our Scope 3 emissions in relation to finished product transportation.

Our goal in 2021 was to reduce CO2 emissions to 40 kg/t transported, we reached a 58kg/t transported. In 2022, we will continue implementing projects to reach those goals.

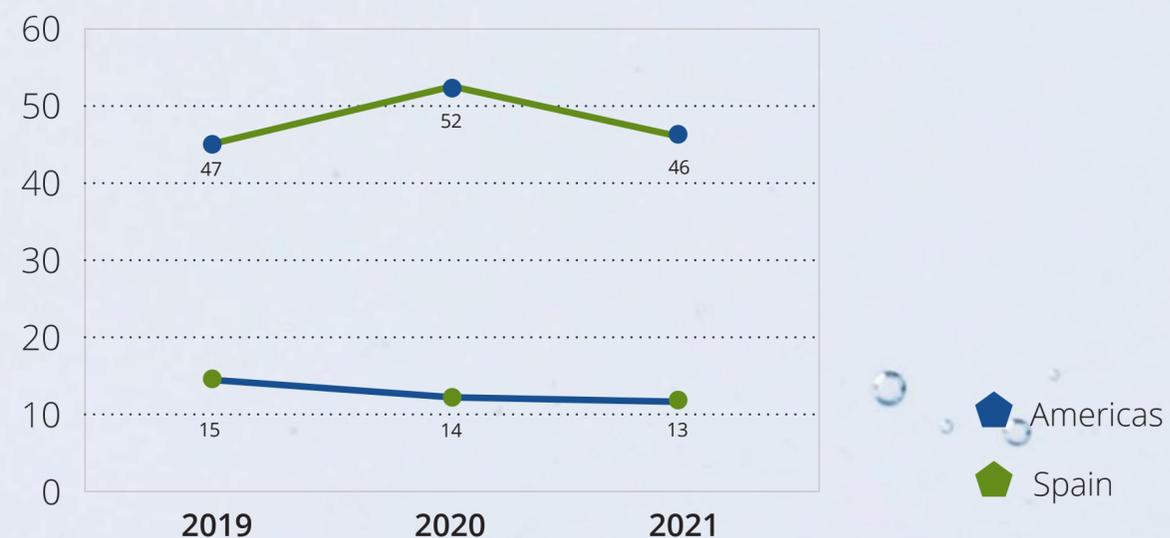
we recycled more than  
**4.5 million**  
plastic packaging

\*We define biomaterials as plant-based or animal-based origin (vegetal oils or resins, products obtained through fermentation such as itaconic acid, fatty acids, among others)

## 5 Water sustainable use

We are committed to use water in an efficient and responsible manner in all our operation sites. We do not use water from water stressed zones.

## 5 WATER WITHDRAWAL PER REGION AND PER TON PRODUCED (ML/t)



Due to Covid-19 crisis and a reduced activity, optimizing resources became more difficult. However, our Group reduced in 6% its water consumption per ton of product.

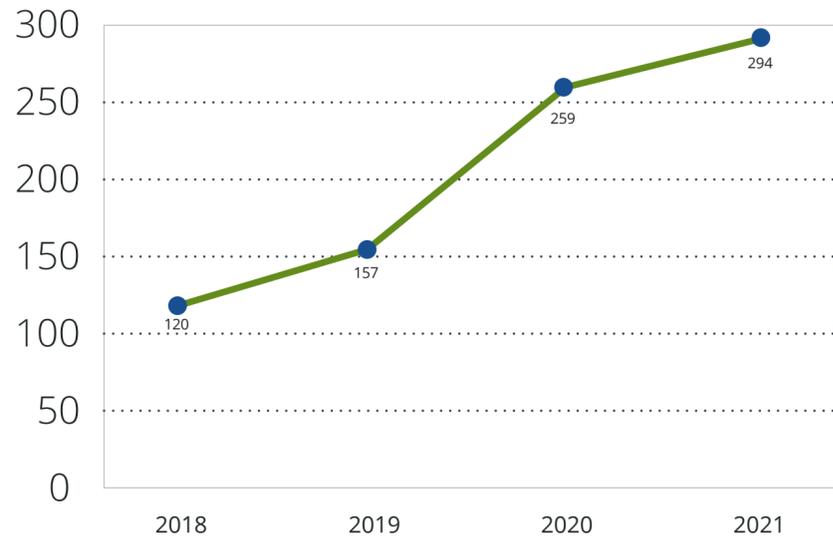
## 6 WATER WITHDRAWAL BY REGION AND SOURCE TYPE

Water withdrawal per source in 2021	Megalitres
Superficial water	8,010
Underground water	98
Public network	4
<b>Total</b>	<b>8,112</b>

## 7 WATER WITHDRAWAL PER REGION (ML)



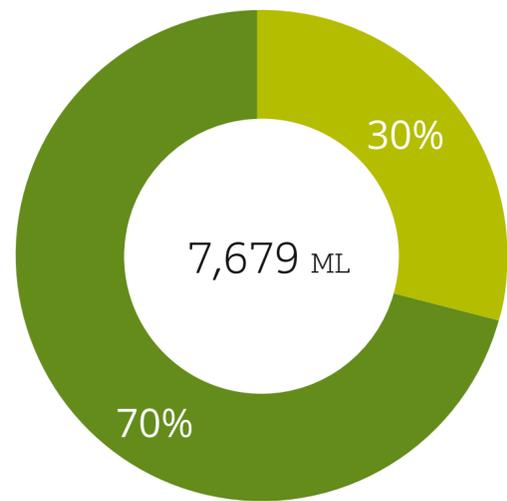
**8 WATER REUSE (ML)**



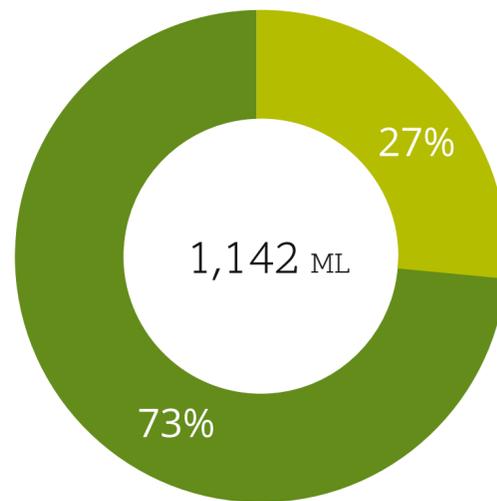
In the last 4 years we increased our water re-use

**9 WATER DISCHARGED (ML)**

Spain 2021

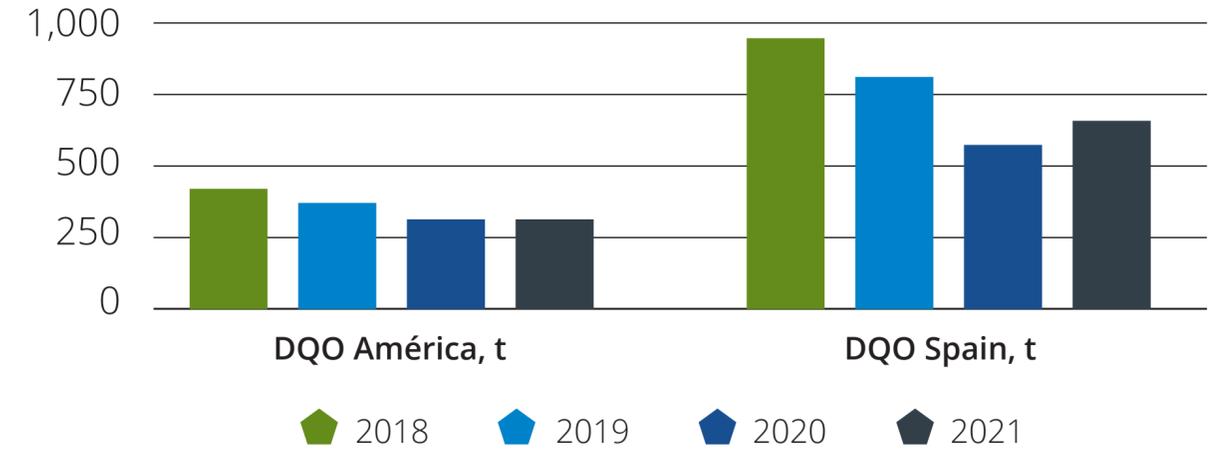


Americas 2021



- Water discharged to the ocean (ml)
- Water discharged to surface waters (ml)

**10 EVOLUTION OF THE CHEMICAL OXYGEN DEMAND OF DISCHARGED WATER (ton/year)**



The quality of our effluents is controlled by monitoring the chemical oxygen demand (COD). Since 2019 we reduced the COD (Kg/on produced) in 21%. In 2021 we saw an increase in COD discharges due to the post-covid 19 production recovery.



## Climate Change

As part of our climate change adaptation strategy every year we analyze the environmental risks of the Group to identify priorities and implement mitigation actions.

All our operation sites have a GHG inventory and ISO14064-1 certification in the Spanish sites.

In 2021, we calculated the carbon footprint of all our product families to identify the emissions of each activity in the value chain and promote initiatives to reduce them.

Our main GHG scope 1 and scope 2 emissions are due to:

- The use of fossil fuels
- Refrigerants
- Indirect CO2 emissions from the purchase of electricity, steam, and hydrogen.

**Our ambition for 2050 is to become carbon neutral, to do so we have established mid-term goals for 2030:**

- 60% of electricity will be obtained from renewable sources
- Reduce the GHG intensity by 30% (Scopes 1, 2 and 3)
- Reduce VOCs by 50%
- Reduce water consumption by 30%.

\*Línea base: 2019

## 11 DIRECT AND INDIRECT EMISSIONS

Direct and indirect emissions (thousand tons of CO2 equivalent)		2018	2019	2020	2021
Emissions	Total GEI (CO2 eq)	47	36	31	42
Scope 1 (CO2, CH4 y N2O)	Americas	44	34	29	40
	Spain	2	2	2	3
.....					
Emissions	Total GEI (CO2 eq)	201	219	171	181
Scope 2	Americas	88	100	77	83
	Spain	113	118	94	99
.....					
Energy (Scopes 1+2)	Total (CO2 eq)	247	255	202	223
	Americas	132	134	106	122
	Spain	115	120	96	102

Direct emissions (scope 1 and 2) were verified with the ISO 14064 Standard: Scope 1 (direct emissions from Dynasol Group), Scope 2 (indirect emissions linked to the purchase of electricity and steam from third-party suppliers)..

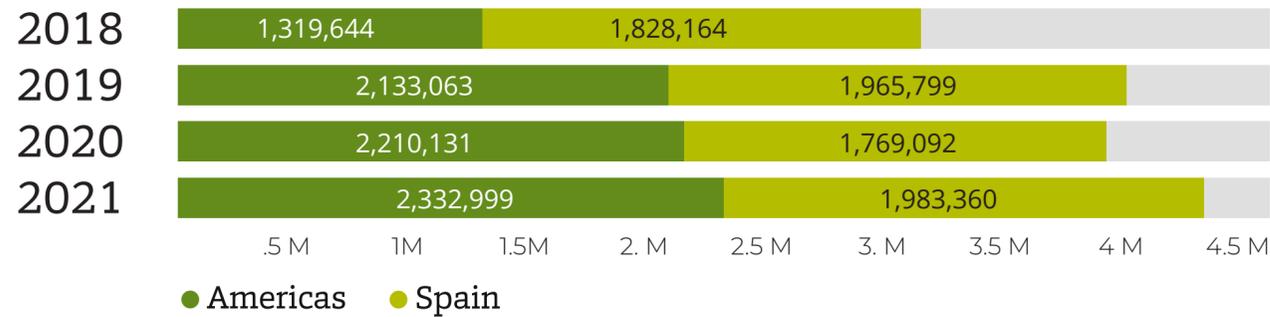
In 2020, emissions in all our operations were reduced as a result of lower production due to the Covid-19 pandemic.

In 2021, some of the steam used in operations in the Americas was generated within Dynasol Group sites, resulting in a reduction of scope 2 emissions and an increase in scope 1 emissions

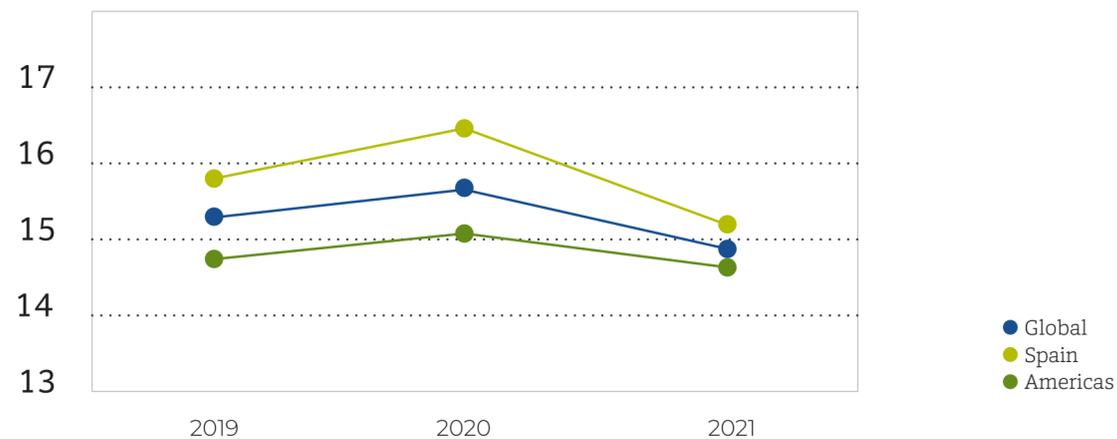
## Energy Consumption

As with other environmental factors, every year we establish programs to reduce the energy consumption in all our operation centers. Energy savings impact both direct and indirect GHG emissions.

### 12 ENERGY CONSUMPTION (GJ)



### 13 ENERGY CONSUMPTION PER TON PRODUCED (GJ/ton)



In 2021, we reduced in 5% the total consumption per ton produced (fuels, steam, and electricity).

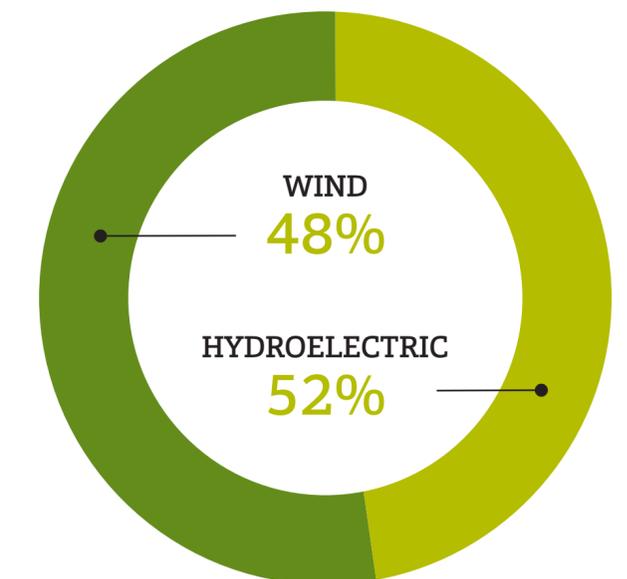
In terms of other emissions (non GHG) including noise, our Group carries out the appropriate controls and identifies the necessary actions to avoid any breach of the regulatory limits.

Also, at each site we work towards a renewable energy transition. In our European sites we have been successful as currently all our energy consumption comes from renewables. This means the purchase of more than 90,669 MWh in 2021, which has helped us to avoid more than 22,000 tons of indirect CO2 emissions..

Some of the key energy efficiency initiatives at our sites in 2021, include::

- Reduction of equipment operation temperatures
- Adjustments in reaction processes
- Steam consumption efficiency
- Increase the use of solids in reactors, leading to a lower consumption of solvents

### 14 RENEWABLE ENERGY PER SOURCE IN SPAIN



In 2021 we avoided **8,388** tons of CO2 in our operations.

# OPERATIONAL **Safety**

Safety is one of our priorities. We identify, evaluate, and manage safety risks to protect our employees and surroundings with a zero accidents objective. To this end, we have a Safety and Environmental Culture improvement program.



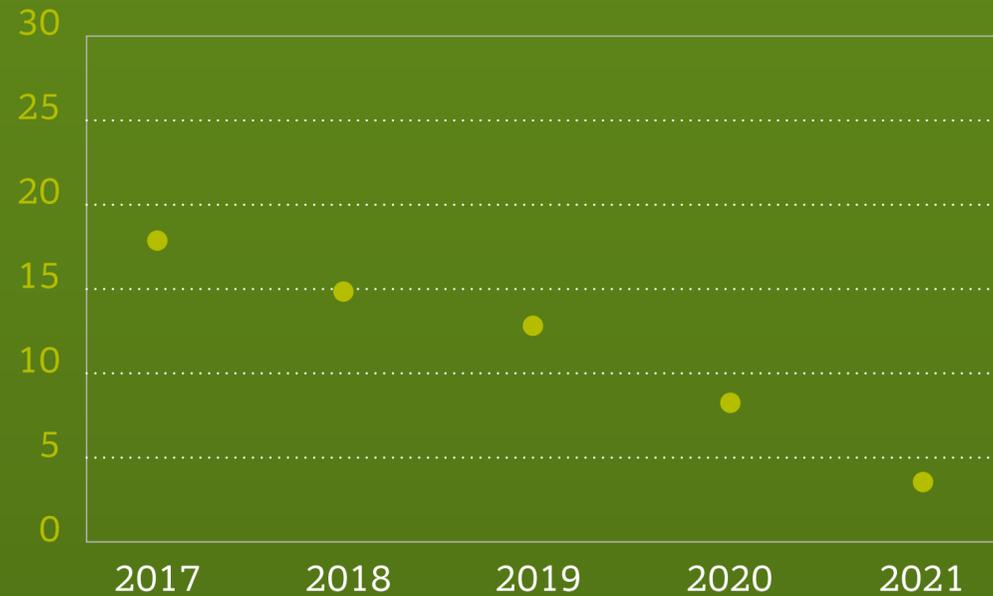


Leadership in Safety and Environment.

In 2021, we continued deploying this program in all our production sites which are certified with the ISO 45001 health and safety standard. As result of this approach and of our H&S initiatives, we reduced Group's accidentality in 73% compared to 2019.

15

ACCIDENTS GLOBALLY



16

SAFETY PERFORMANCE

	IF				IFT				PSIR (IF TIER 1+2)			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
Global	1.68	2.54	1.77	0.75	3.59	3.56	2.02	1.00	1.68	0.76	0.51	0.25
Americas	1.82	3.79	2.13	0.73	3.99	4.17	2.13	0.73	1.82	0.38	0.71	0.36
Spain	1.40	0.00	0.87	0.80	2.81	2.31	1.74	1.61	1.40	1.54	0.00	0.00

FI- IFL- Index of accident frequency with leave  
 TFI- TIAF.Total index of accident frequency  
 PSIR- Process Safety Incident Rate

All safety activities are audited internally and externally. In 2021, there were no industrial incidents with an environmental impact affecting the exterior of Group's sites. Our Group has a unit focused exclusively on Environmental and Safety aspects which is integrated to the Operations Unit and services the Group. In addition, we are investing on specific projects for risk control and continuous improvement.

We adopt a preventive approach focusing on continuous improvement to achieve our zero-accidents goal. We also have a policy defining the risk assessments required at each stage of our operation including, industrial risk assessments (hazops, what-if, among others), personal risk and environmental impact assessments.

while Dynasol Group has not a disconnection policy in place, work schedule flexibility has been relevant to ensure that employees have a work-life-balance. In the last quarter of 2021, we modified schedules in our Spanish sites to preserve our employees' health and safety, ensure a correct operation in all our processes and provide a work-life balance to our employees.

We have always put as priority the health and safety of our employees whilst ensuring that the productive processes were carried out in a timely manner during the Covid-19 pandemic. The workplace is evolving and



All Dynasol Group sites are ISO 4500 certified.

# PEOPLE

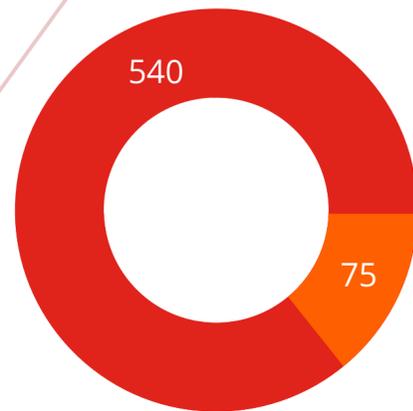
and Community

In 2021, we continued adopting and communicating the COVID-19 recommendations from the Health Authority. As in 2020, we continued applying remote work schemes when appropriate, to ensure the health and safety of our employees. Despite the complexity of this situation, the impact of the pandemic has not affected our workforce.

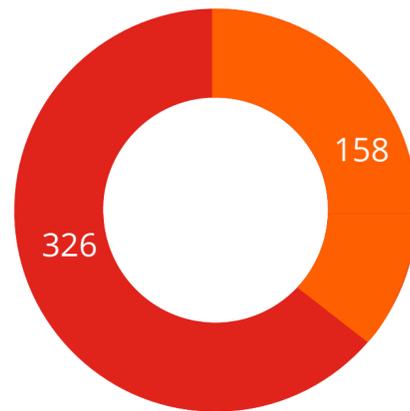


## EMPLOYEES BY GENDER

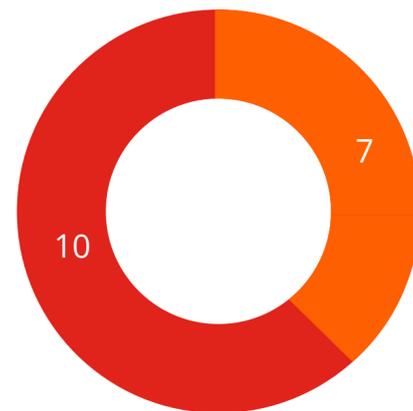
Mexico 2021



Spain 2021



Americas 2021



● Men ● Women

We have several paid and not paid leaves and permits to ensure that our employees can have a better personal and professional balance. In the Americas, we have the Dynamizate program to promote wellbeing and address the potential causes of stress through support and information. The aim is to promote a better balance between the work life and the personal life, ensuring a better quality of life for our employees.

Globally, we have the "Talento Joven" program. It is a corporate program where recent graduates provide their services through a specific training program in which they go through different areas of the organization. This program allows them to gain more training and helps them in their professional development.



## Training and formation

At end year 2021, 90% of the workforce received a performance assessment (BeCore). This assessment is based on a process including a goal's definition, follow-up, and competencies assessments. It is carried out jointly by the direct supervisor and the employee, then it is audited by Human Resources and Legal Affairs and supervised by the Executive Committee. The performance assessments results are considered to manage talent within the organization.

Dynasol Group's talent map matching profiles and abilities required by the business, was updated in 2021. The map helps us to achieve staff requirements and business objectives.

Annually, we develop Training Plans focused on technical and business abilities which are designed to be taken individually or as a group.

Our company has a Training Plan since 2016 with more than 300 training actions. The group leader and the employees have an active role in identifying training needs as well as in the execution of formative sessions within the Training Plan. Our objective is to reach at least 90% of the actions required by the Plan.

In 2022 we will develop a new training system adapted to every employee position and function to provide updated and leading-edge knowledge to all.

**90%**  
**of the workforce**  
**received**  
**a performance**  
**assessment**

Our Training and Development Policy provides guidelines to identify the training needs of our staff. Once management has clarity regarding such needs it sets priorities in collaboration with the Human Resources Department to establish Dynasol Group Annual Development Plan.

In 2021, we provided a total of 22,494 training hours. The number of training hours per employee reached more than 20 hours.

As result of the Covid-19 pandemic, there was a significant increase in the number of online training ses-

sions pandemic thanks to the efforts to digitalize our multiple courses.

We implemented 85% of our Annual Training Global Plan.

### Corporate training programs

◆ Leadership DNA: Training developed for the Global Heads Team. It started in June 2021, and it will end in March 2022. The key objective of this program is to promote innovation within management teams.

◆ Training to Learn Program: To respond to the needs expressed in Dynasol's Strategic Plan and the changing business requirements, this program is based on the idea of developing talent with an accountability approach that promotes a more agile and collaborative culture. To that end, the program generates connections and drive dialogue between the management teams. The program was provided throughout 2021 to Dynasol Group's managers.

◆ Covid 19 training material: We continue implementing and updating training on health and safety related to Covid-19 prevention measures.



**22,494**  
training hours  
in 2021



## Diversity and Equality

At Dynasol Group we want to ensure equal opportunities and the best labor conditions for all our employees. In 2021 we launched an Equal Opportunity Policy across the Group which sets the guidelines that promote equality and no discrimination by race, sex, age, or social condition. This policy will help us to achieve a more productive, engaging, and diverse workplace.

Our People Management System policies and its due diligences as well as the Collective Agreements, and the Equal Opportunity Policy, are important instruments that make possible a robust management on this matter.

In 2021, we updated our equality plans in the Spanish companies General Químicas SAU and Dynasol

Elastómeros SAU to comply with the Spanish Equality Law 3/2007 of March 2022 and the relevant Royal Decrees. Both companies have developed their own Equality Plan in adherence to the Spanish legislation, our Code of Conduct and Ethics and the Equal Opportunity Policy.

We comply with the legal requirements and inclusion quotas of the Royal Decree 1/2013, regarding the rights and social inclusion of people with disabilities. In addition, we ensure that the Social Corporate Responsibility Local Plans of the Group drive actions to promote inclusion.

## Community relations

During 2021 as part of our Corporate Social Responsibility Plan, we carried out 24 community initiatives.

### SPAIN:

#### Supported organizations

- Support and sponsorship of the event

#### Spanish Association of Civil Guards

- Collaboration

#### Seur Foundation

- Collection plastic lids for recycling in the project 'Tapones para una nueva vida' Collection points in the workplace and recycling campaign to help children with health issues.

#### Local festivities

- Sponsorship and support

#### Football schools

- Sponsorship and support

#### SEA Alvesa companies

- Collaboration and support

#### Dynasol Grand Prix Cudeyo Marine Flag

- Collaboration and support for the Rowing Association to promote the sport and delivering the first women's flag.



### AMERICAS:

#### Fundación Teletón Mexico

- 'Reciclatón,' a recycling campaign to raise awareness among staff about waste collection, sorting and recovery. We collected 280 kg of PET plastic, 180 kg more than the previous year.

#### 'Pequeña Bahía' Cooperative

- Due to drought and the pandemic the fishing cooperative was affected. We donated staples and fishing equipment benefiting 21 fishing families in Altamira Tamaulipas.



# ETHICS

and Transparency

## Code of Ethics and Conduct

Dynasol Group is committed to operate in an ethical and transparent way aligned to our corporate values and to our Code of Ethics and Conduct which was approved in 2016 by the Board of Directors.



Our Code of Ethics and Conduct sets behavior guidelines in compliance with the relevant regulations and ethical principles of every country where we operate. These guidelines are applicable to all the areas where professional and commercial relations on behalf of the company take place and to all the stakeholders.

Strict observance of this values translates in the following guidelines:

- Legal and contract compliance
- Human Rights respect
- Personnel selection, professional development, and equal opportunities
- Protection of health, safety, and environment
- Conflict of interest resolution

The Code of Ethics and Conduct is applicable to all employees and stakeholders such as contractors, external consultants, temporary staff, interns, and suppliers including those acting on behalf of the company.

## Human Rights

We are committed to the respect of Human Rights as established in the International Charter of Human Rights and to the Labor Principles and Fundamental Rights with its 8 agreements.

Our company carries out due diligences to identify, prevent, mitigate, and address potential human rights risks in relation to our operations, products, or services and those of our commercial partners. In addition, our training plan includes topics related to Human Rights that provide tools for its promotion and knowledge, to ensure its protection.



## Compliance Model

Our compliance committee is an independent body that promotes regulatory compliance and the implementation of correction controls. During this reporting period, the key compliance training initiatives were:

- Online training on the Crime Prevention Model (CPM) for all our employees
- Webinars on each of the risk factors included in our Compliance Model.
- Communication campaign on our Code of Ethics and Conduct.
- Compliance communication campaign** addressing the benefits and value added of our Compliance Model.



At Dynasol group we have an internal due diligence procedure to address risks, crime suspicion or non-compliance of the Group's CPM.

In addition, we have a complaints mailbox safeguarded by three principles:

### CONFIDENTIALITY

All information will be dealt in a confidential manner and protected by all those involved in the communication, investigation, and resolution processes.

### SECURITY

All retaliatory actions against the whistleblower are prohibited.

### RESPECT

Complaint parties shall never be confronted. Every complaint or report is important and will be investigated thoroughly.

## Fighting corruption, bribery, and money-laundering

We are accountable to our employees, shareholders, and the communities where we operate. Our Code of Ethics and Conduct expressly prohibits bribery or corruption in any form.

In addition, our Board of Directors approved the Anticorruption Policy proposed by the Compliance Committee in July 2020. The objective of the policy is to underscore our commitment to a strict adherence to the anticorruption regulations that are integrated in the employees' Code of Ethics and Conduct. This Code rejects all forms of corruption and applies a zero-tolerance approach regarding any breach of the policy. To prevent corruption, at Dynasol Group, we act in compliance with the current regulation in all spheres of action and in all countries where we operate. We are committed to:

- Do not influence the will or objectivity of people outside the Group for personal gains or advantages through non-ethical or illegal behavior.
- Do not give, promise, offer directly or indirectly any valuable good to any person or company to obtain illicit advantage for the Group.
- Do not allow any inducement payment.
- Do not finance, show support of any kind either directly or indirectly to any political party representatives or candidates.
- Do not request or receive illicit commissions, payments, or benefits from third parties.
- To promote formation on topics related to the prevention and fight against corruption.



## Tax payments

Aware of our responsibility towards wellbeing, social and economic development in the countries where we operate, we implement a responsible and transparent fiscal policy. We do so through the adherence to the best fiscal practices, transparent behavior, and promotion of cooperation with government entities, avoiding significant risks and unnecessary conflicts.



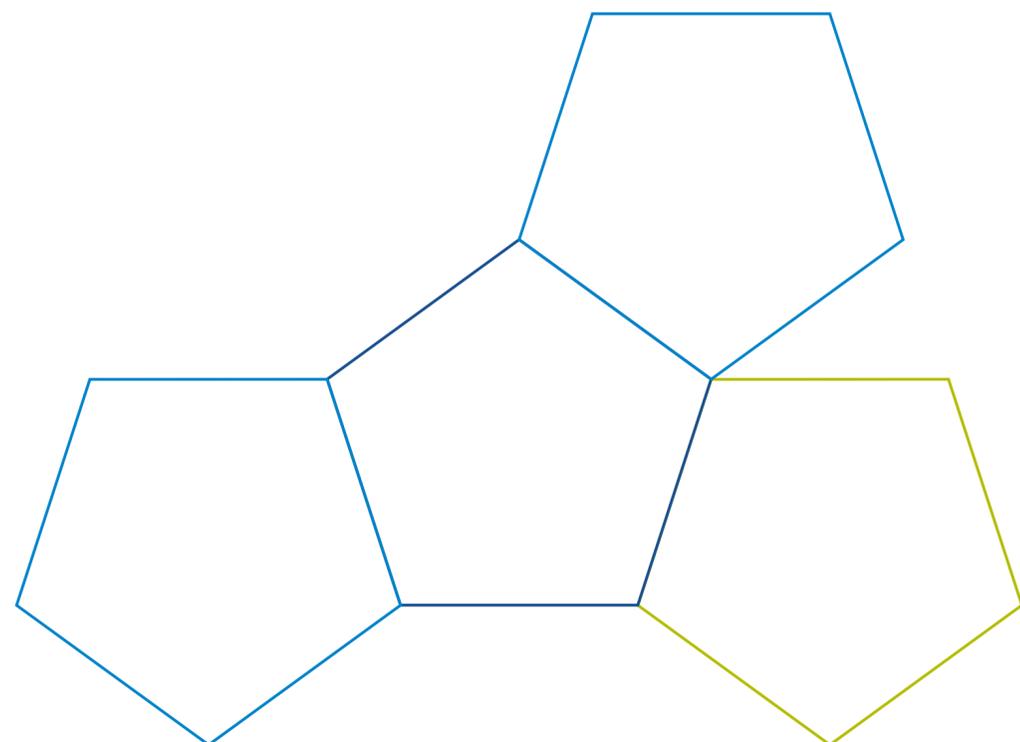
### 18 PAYMENTS TO GOVERNMENTS (AMOUNTS IN 000 EURO)

Dynasol Group - EurosPayments to governments –(Amounts in 000 euro)

Country	Fiscal burden (1)			VAL (3)	Tax raised (2)		TOTAL 2021	TOTAL 2020
	Corporate tax	Other	TOTAL		Other	TOTAL		
Spain	7,514	7,205	<b>14,719</b>	0	7,328	<b>7,328</b>	<b>22,048</b>	<b>21,239</b>
France	97	86	<b>183</b>	0	0	<b>0</b>	<b>183</b>	<b>286</b>
Italy	8	39	<b>48</b>	0	38	<b>38</b>	<b>86</b>	<b>105</b>
USA	1,167	1,309	<b>2,476</b>	0	193	<b>164</b>	<b>2,640</b>	<b>948</b>
Mexico	13,840	3,476	<b>17,316</b>	2,404	3,261	<b>5,666</b>	<b>22,982</b>	<b>12,824</b>
<b>TOTAL:</b>	<b>22,629</b>	<b>12,116</b>	<b>34,745</b>	<b>2,404</b>	<b>10,822</b>	<b>13,197</b>	<b>47,942</b>	<b>35,403</b>

The economic recovery after the global crisis provoked by the pandemic was reflected in an increase of income and rentability of the Group during this fiscal period. As a result, there was also an increase in the taxes we paid in 2021..

\* Our Group is committed to avoid presence in tax heavens, uncooperative jurisdictions, territories with no taxation and other countries considered as such by the European Union regulations or by the internal regulations of countries where we operate, unless such presence is deemed necessary, and it is justified by business reasons. Currently Dynasol Group, has not presence in such countries or territories.



# INNOVATION

Promoting technological innovation as driver towards a more sustainable company

CENTRO DE TECNOLOGÍA  
Technology Center

Grupo  
Dynasol

Grupo  
Dynasol



At Dynasol Group, sustainability is one of the drivers for new product and applications. Our Technology Directorate and its multidisciplinary teams work to develop solutions that consider their impact on environment and society as well as their contribution to circular economy. This approach contributes to the sustainability of our customers and their business.

In 2021 we implemented a new process that integrates eco-design principles from the conception of the product. With this, we aim to reduce our consumption of resources (raw materials, energy, and water) our waste generation and emissions, and to contribute to a greater use of recycled or biomaterials and safer and more sustainable chemicals.

64% of new technology projects are developed with the eco-design technology.

At Dynasol we value collaboration and work hand in hand with research centers worldwide.

In 2021 we continued working with the Center of Applied Chemistry in Mexico, the Cellular Material Laboratory in Spain (CellMa), and the Universities of Cantabria and Huelva. We have four Research, Development and Technical assistance centers in Mexico (Tamaulipas) and Spain (Cantabria and Alava) with a team of 75 experts that work in line with our business units and ensure that new developments fulfil the needs of our stakeholders.

During this reporting period, we have established new patent metrics.

By December 31st 2021, we had 185 approved patents and have 147 in the pipeline.

\*New metrics for patent accounting have been established.



We had  
**185**  
approved  
patents

and have  
**147**  
in the  
pipeline.

## Modified asphalts

The road asphalt and impermeabilization sector, is highly intensive resource and energy user, and contributes to GHG emissions and harmful gases, which affects its environmental and safety impact. Our Group continues developing solutions better for the environment and human health. We aim to increase the durability of asphalt, improve its recycling and workers' safety.

### **Calprene®5375X and Calprene®580 for asphalt temperate and modified mixtures**

Low viscosity and high vinyl new grades help to optimize the bitumen modification process. The structure of this product allows its incorporation at high concentrations and low energy consumption which results in higher degree of modification, durability of the asphalt mix, and optimization of asphalt mixtures transportation. These grades have been designed to achieve greater compatibility with different quality bitumens, eliminating the need of Sulphur and its toxic emissions. On the other hand, Calprene®5375X is easier to disperse which allows blending at lower temperatures compared to conventional SBS which is suitable in the manufacturing of hardened asphalt blends. Also, its adhesivity combined with other attributes make it a SBS suitable to auto adhesive membranes.

## Technical compounds

Cover a wide variety of sectors and the synthetic rubbers contribute to the development of more sustainable products and solutions.

### **Mechanic plastic recycling with Calprene® H6180X and Calprene®718**



One of the greatest concerns worldwide is plastic waste from packaging in the automotive and agriculture industries. Plastic lack biodegradability and accumulation in natural spaces is driving the use of recycled plastics. However, reprocessing post-consumption plastics results in partial degradation and loss of properties which are necessary for their re-application in increasingly demanding sectors. In 2021, Dynasol worked to improve the properties of low and high density recycled polyethylene (HDPE, LDPE). These polymers generate a great volume of waste as they are used in the packing and agriculture sectors.

Using Calprene® H6180X or Calprene®718 allows a significant improvement in properties such as resistance, elasticity, or cracking resistance due to environmental stress (CRES), which opens new opportunities for its re-use.

Through innovation our company contributes to a more circular economy, allowing its customers to reduce the use of virgin plastic and the carbon footprint of their products.



## Thermoplastic elastomers with biomaterials

Given the need for more sustainable materials and in line with our environmental commitments, Dynasol's Technology Team is developing technical compounds with our rubbers integrating biomaterials for its application in the packaging, automotive and furniture industries.

The project includes three key approaches:

- 1 Introduction of hydrogenated SEBS in TPE compounds that contain bio fibers to balance the rigidity of these materials and to improve the resistance of the end compound.
- 2 The substitution of fossil origin plasticizers by less pollutant alternatives with the same performance.
- 3 Improvement of biopolymer mechanical properties to be used in applications with more robust requirements.

The objective of these developments is to increase Dynasol's contribution to a more sustainable and circular economy.



## Adhesive and sealers

Adhesives are present in our daily life and play an important role in achieving more sustainable products as they reduce materials' weight, make them easier to recycle and extend their life cycle. Environmental and Safety regulations are becoming more restrictive regarding the emission of volatile organic compounds, its impacts on air quality and on the health of workers and end-users.



### New SEBS for adhesive formulas with medical and industrial application

The co-polymers of hydrogenated-butadiene-styrene SEBS, provide stability at high temperatures and resistance in outdoors (humidity, ozone, and UV light) to adhesive and sealants, which gives materials a longer life cycle. Our Group developed a new SEBS of lower molecular weight and low styrene content, Calpre® H6180X and Calpre® H6182X, which provide excellent processability at low temperatures and contribute to lower energy consumption during the formulation process. These new grades have excellent performance in me-

dical applications such as tapes and bandages due to its excellent track and low adhesion, resulting in good attachment to the skin without adhesive residuals or damage upon removal. In addition, they are compatible with polar substrates, that allow to develop tapes with good transpiration.

During this period, we launched the new SEBS Calpre®H6215X with excellent heat and environmental resistance that help develop solvent-based translucent sealers free of volatile organic compounds for the construction segment.

# GRI

## Content Index

Dynasol Group has reported the information cited in this GRI content index for the period 1st of January 2021 to 31st December 2021 with reference to the GRI Standards.

### GRI used

GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 101: Fundamentals 2016 GRI 102: General Contents 2016		
<b>General contents</b>		
GRI 2: General Disclosures 2021	2-1 Organizational details	Pág. 7
	2-2 Entities included in the organization's sustainability reporting	Pág. 6
	2-3 Reporting period, frequency and contact point	Pág. 3
	2-4 Restatements of information	Pág. 3
	2-5 External assurance	Pág. 3
	2-6 Activities, value chain and other business relationships	Pág. 7 y 8
	2-7 Employees	Pág. 5 y 28
	2-8 Workers who are not employees	Pág. 28
	2-9 Governance structure and composition	Pág. 6
	2-22 Statement on sustainable development strategy	Pág. 14 y 15
	2-23 Policy commitments	Pág. 14 y 16
	2-24 Embedding policy commitments	Pág. 12-14
	2-25 Processes to remediate negative impacts	Pág. 33-35
	2-26 Mechanisms for seeking advice and raising concerns	Pág. 33-35
	2-27 Compliance with laws and regulations	Pág. 33-37
	2-28 Membership associations	Pág. 7
	2-29 Approach to stakeholder engagement	Pág. 17

GRI Standard	Disclosure	Location
<b>Material Topics</b>		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Pág. 17
	3-2 List of material topics	Pág. 17
<b>11.1 GHG EmissionsI</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pág. 22 y 23
GRI 302: Energy 2016	302-2 Energy consumption outside of the organization	Pág. 23
	302-1 Energy consumption within the organization	Pág. 23
	302-3 Energy intensity	Pág. 23
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Pág. 22
	305-2 Energy indirect (Scope 2) GHG emissions	Pág. 22
<b>11.5. Waste</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pág. 19
GRI 306: Waste 2020	306-2 Management of significant waste-related	Pág. 19
	306-4 Waste diverted from disposal	Pág. 19
<b>11.6 Water and effluents</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pág. 20 y 21
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related	Pág. 20 y 21
	303-3 Water withdrawal	Pág. 20
	303-4 Water discharge	Pág. 21
	303-5 Water consumption	Pág. 20
<b>11.9 Health and safety at work</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pág. 24-26
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Pág. 25
	403-2 Hazard identification, risk assessment, and incident investigation	Pág. 26
	403-9 Work-related injuries	Pág. 25

GRI Standard	Disclosure	Location
<b>11.10 Employment practices</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pág. 27-30
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Pág. 28
	401-3 Parental leave	Pág. 28
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Pág. 29 y 30
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Pág. 12
<b>11.11 non-discrimination and equal opportunities</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pág. 31
GRI 401: Employment 2016	401-3 Parental leave	Pág. 28
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Pág. 30
<b>11.14 Economic impact</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pág. 9
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Pág. 9
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Pág. 12
<b>11.15 Local communities</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pág. 32
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Pág. 32
<b>11.20 Anticorruption</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pág. 35-36
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Pág. 36

GRI Standard	Disclosure	Location
<b>11.21 Payments to government</b>		
GRI 3: Material Topics 2021	GRI 3: Material Topics 2021	Pág. 37
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Pág. 9
	201-4 Financial assistance received from government	Pág. 9



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