

Dynasol LLC

Bill S-211 Canada
Financial reporting year: 2023

1. Identifying information

Reporting entity's legal name: Dynasol LLC

Financial reporting year: 2023

Identification of a revised report: Not applicable (N/A)

Business number(s), if applicable:

- Employer identification number in USA (EIN): 76-0331645 (country of residence)
- Business Number in Canada: 71277 5311 RC0001

Identification of a joint report, if applicable: N/A

Identification of reporting obligations in other jurisdictions

Dynasol LLC, as part of Dynasol Group, is required to comply with Law 11/2018, of December 28, on non-financial information and diversity, which incorporates Directive 2014/95/EU of the European Parliament and of the Council, of October 22, into Spanish Law. The objective of this Law is to establish guidelines for the disclosure of non-financial information or information related to corporate social responsibility that contributes to measuring, supervising, and managing the performance of companies and their impact on society. At the same time, the publication of this information is essential for managing the transition towards a sustainable global economy that combines long-term profitability with social justice and environmental protection.

Entity categorization according to the Act

Canadian business presence: Does business in Canada/Importer

Sector/industry

Wholesale trader: wholesale distributor of synthetic rubber & adhesives

Location

Dynasol LLC is headquartered in USA: 6605 Cypresswood Drive, Suite 350, SPRING, TEXAS 77379

2. Annual report

In the last financial year, Dynasol LLC as part of Dynasol Group reinforced its commitment to respect human rights, as set out in its Code of Ethics and Conduct.

To this end, Dynasol Group has agreed to draft a Human Rights Policy, which will serve as a basis for the implementation of a series of measures aimed to prevent and mitigate conducts that may pose a risk to human rights, forced labor and/or child labor.

Likewise, the Supplier Code of Conduct has been reviewed to verify its compliance with national and international standards in this matter.

In relation to the Supplier Code of Conduct, it is necessary to point out that all suppliers intending to work with Dynasol are required to accept this document and commit to complying with the principles outlined therein, including respect for current legality and human rights.

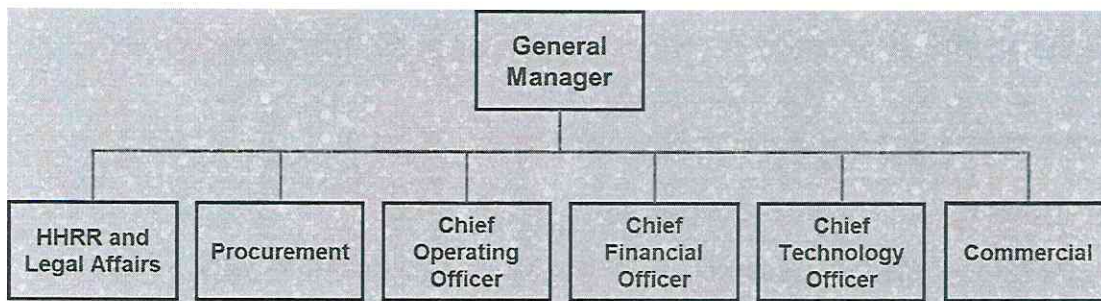
3. Legal and organizational structure

Dynasol LLC is a Limited Liability Company established in the United States of America.

Dynasol LLC belongs to DYNASOL Group, a Joint Venture of KUO (México), (formerly known as GRUPO KUO) and REPSOL (Spain) comprised of 8 companies in three countries: Mexico, Spain and the USA. Dynasol is focused on the manufacture and distribution of synthetic rubber and rubber chemicals.

Dynasol LLC imports synthetic and other rubber chemicals manufactured primarily by its affiliates for distribution to industrial users all around the world.

Organizational chart is shown below:



At the end of 2023, the number of employees at Dynasol LLC was 17. Dynasol Group does not have any employees working in Canada; sales management is conducted through Dynasol LLC from the United States.

4. Activities and Supply Chain

Dynasol LLC is part of Dynasol Group, a group of globally reaching companies and one of the leaders in the field of developing solutions for the elastomers market.

Dynasol LLC's main activity is the marketing of synthetic rubber manufactured by its affiliates. Dynasol Group focuses on innovation to provide differentiated solutions for its customers and contribute improvements to the sustainability of its products. The use of our rubbers in the end markets helps reduce energy consumption and increases the service life, performance and properties of the products in which they are incorporated.

Dynasol Group has plants and offices in Spain, the United States, and Mexico, along with warehouses distributed in various countries such as the United States, Mexico, and Spain.

Our nearly 250 products are sold to more than 700 clients from more than 60 countries on 5 continents.

100% of the volume of synthetic rubber that Dynasol imported into Canada in 2023 was produced at the emulsion Plant located in Altamira, Mexico.

Regarding Dynasol LLC's operation in Canada:

- A) Except for one single customer, all sales to Canadian customers are performed before the product (synthetic rubber) enters Canada (i.e., customer takes title before entering the products into Canada. The client takes charge of import duties and custom procedures).
- B) Operation with 3M Canada: product arrives in Canada, acting Dynasol as the importer of record. It is afterwards transferred to a location in Canada indicated by 3M.

Of the total raw materials used in its production, 82% come from the following countries.

Pais	%
Brasil	49.3
USA	47
Netherlands	1.2
China	1.2
South Korea	1.2

5. Policies and due diligence processes

Our Policies

Dynasol Group's policies, which also comprise Dynasol, LLC, set out our commitment to act lawfully, ethically and responsibly and define the Company's expectations of acceptable business practices. In all our contracts, we require that our business partners and suppliers within our supply chain agree to comply with Dynasol Group's commitments and policies.

Together, the following policies form a framework of standards to be observed by our Board of Directors, officers, employees, contractors and suppliers to ensure human rights are respected:

- *Code of Ethics and Conduct*: requires directors, officers, employees, and contractors of Dynasol to act honestly, with integrity and in compliance with all applicable laws and regulations in fulfilling their duties and responsibilities.
- *Purchasing Policy*: promotes transparent, ethical and competitive purchasing, taking into account environmental and social considerations and objectives.
- *Anti-Bribery Policy*: prohibits bribes and improper payments and establishes appropriate controls for giving and receiving gifts and donations.
- *Procedure for the prevention of and action against harassment*: prohibits discrimination, violence and harassment in the workplace, encourages employees to report incidents of workplace discrimination, harassment and violence and protects reporters from reprisal.
- *Compliance policy*: ensures compliance with laws, regulations and other standards applicable to the company's activities through a set of practices, policies and procedures.
- *Whistleblower Policy*: requires reporting of actual or suspected material violations of the Code of Ethics and Conduct or material legal or regulatory obligations and protects reporters from reprisal.

Due Diligences Processes

Dynasol Group has a compliance management system where Dynasol, LLC is included, which is a formal framework comprising activities, processes, policies, regulations and internal controls that are implemented on an ongoing basis to identify, assess, mitigate and prevent conduct that may constitute a risk.

As a fundamental part of the system, the company has carried out an analysis and evaluation of the risks inherent to its activity, grouping them into the following risk domains: antitrust, anti-bribery, tax, labor and social security, Environment, anti-money laundering and terrorist financing, international sanctions and embargoes, criminal risks, data protection and privacy risks, financial reporting risks.

Among the risks identified under the labor and social security heading are those risks associated with human rights such as discrimination, harassment, forced labor or child labor.

To mitigate the risks identified, the company has implemented a serie of measures and internal controls whose proper implementation and effectiveness are verified on an annual basis. Additionally, Dynasol Group will work on the planning and design for the implementation of a human rights due diligence system based on the implemented compliance model.

6. Forced labour and child labour risk

Determining the Risk of Forced Labour or Child Labour

A) In our operations

Sales operations are carried out by personnel located in Dynasol LLC's offices in the United States, in full compliance with the applicable laws regarding these matters and following the hiring guidelines established by Dynasol Group at a global level, so the risk of forced and child labor is considered non-existent.

B) Within our supply chains

Dynasol Group is aware that there may be a risk of forced labor at all levels of our supply chain.

As for the risk of forced and child labor in Mexico, the country where the products imported to Canada are manufactured, the risk has been assessed as low, mainly because the activity carried out by Dynasol Group in Mexico is forbidden for minors under 18.

Likewise, and in order to minimize this risk as much as possible, Dynasol Group has established in its hiring policy the prohibition of hiring minors, in accordance with Mexican legislation, and the Human Resources Department supervises the application of these policies and procedures approved by the Group and ensures that the hiring processes strictly comply with the legislation in force in Mexico.

As for the rest of the supply chain, it can be stated that, when it comes to the supply of raw materials from which imported goods are produced, the risk of forced, or child labor is considered minimal with respect to our main suppliers. Most suppliers are reputable companies located in territories with very strict regulations in this area.

However, for certain types of goods and services, identifying the risk of indirect suppliers over which we have little control and visibility can be complex and will require certain additional measures on which Dynasol Group is working.

The following table presents the main raw materials/services that Dynasol uses in the context of its production operations:

Raw Material	Tier and Service Category	Origin
Synthetic Rubber	Tier 1: Industrias Negromex, SA de CV	México
Butadiene	Tier 2: global group of energy and petrochemical companies	USA
Butadiene	Tier 2: Global petrochemical company	Brasil
Butadiene	Tier 2: Independent processor of crude C4 company	USA
Butadiene	Tier 2: Virtual integrated Petrochemicals and Energy company	USA
Styrene	Tier 2: Polystyrene company	USA
Reinforced Box	Tier 2: world-leading producer of fiber-based products	USA
Transparent Polyethylene	Tier 2: Extruded plastic products manufacturer	México
Universal Pallet	Tier 2: Local manufacturer of wooden products for transportation	México
Road Transportation	Tier 1-2: Transportation Companies	USA
Distribution Center	Tier 2: Local distribution Center	USA

7. Remediation measures

In the last financial year, Dynasol Group in general and Dynasol, LLC in particular, has not identified any incident of forced labour or child labour in its activities or supply chain. Therefore, it did not have to take any measures to remediate any incident of this nature.

In the event that incidents of forced labor or child labour were identified in its activities or supply chains, it will consider appropriate remediation strategies in accordance with international standards.

8. Employee training

Between December 2022 and January 2023, all Dynasol Group personnel (including Dynasol, LLC personnel) received training on the Group's Code of Ethics and Conduct.

Likewise, in December 2023, a training action was carried out on the Group's Compliance System.

9. Assessing effectiveness

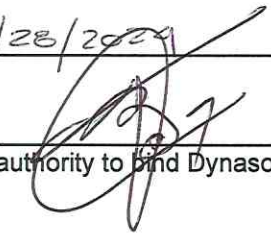
Dynasol has certain measures aimed at reducing the risk that forced labour or child labour will be used in our activities and our supply chains. We have not yet taken any measure to assess the efficiency of these measures.

Approval and attestation

This report has been approved by the Board of Managers of Dynasol LLC. In accordance with the requirements of the Act, and in particular section 11 thereof, we attest that we have reviewed the information contained in the report for the entity above. Based on our knowledge, and having exercised reasonable diligence, we attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full name: Alejandro de la Barrera Gómez
Title: Vicepresident of the Board of Managers

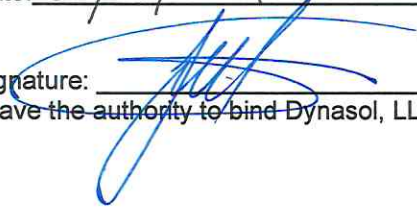
Date: 05/28/2024

Signature: 
I have the authority to bind Dynasol, LLC

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Full name: Jorge F. Padilla Ezeta
Title: Member of the Board of Managers

Date: 05/28/2024

Signature: 
I have the authority to bind Dynasol, LLC

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Dated in Mexico City, May 28, 2024.