



Dynasol
Group

2019 Sustainability Report

About this report

Dynasol Group has prepared this report as part of its commitment to transparency and sustainability. It sets out detailed information on our centers' progress on the most important indicators in economic, social and environmental spheres.

The data provided in this report cover the period January–December 2019.

This report will be updated annually.

The financial information on Dynasol Group contained in this document is pro forma and consolidates the data available on the two holdings that make up the Group: Dynasol Gestión España and Dynasol Gestión México. Only the information corresponding to those companies in which Dynasol Group has 100% of the management is included.

Part of the information on sustainability indicators is reported according to the Global Reporting Initiative (GRI) guidelines (2016 version). The GRI index provided contains a list of sustainability indicators in line with the GRI.

On its own behalf and on behalf of its affiliates, Dynasol Group states that it believes all the information set out in this document to be accurate and reliable. However, the recommendations, statements, declarations and suggestions it contains are not subject to any guarantee and do not place any legal obligation on any of the

entities affiliated to Dynasol Group. In relation to the products and environmental parameters described in this document, the legal obligations of Dynasol Group's affiliates are limited to those set out in the terms and conditions of sale established by Dynasol Group or in any other sales contract that applies. All other terms and conditions are expressly excluded. Dynasol Group does not guarantee that the products described in this document are suited to any specific purpose. Users of Dynasol Group products must trust their own independent technical and legal judgement, producing their own studies and records and carrying out all other related activities, to determine whether specific materials or products provided by Dynasol Group are suitable for a particular purpose and to verify the safety and effectiveness of end products incorporating products provided by Dynasol Group and used for any application. No element of this document may be interpreted as a recommendation on the use of any Dynasol Group product for any specific application or in conflict with any existing intellectual property rights. Dynasol Group reserves the right to withdraw any product from sale or make any change to any existing product on sale or in development. Dynasol Group expressly disclaims, on behalf of all Dynasol Group affiliates, all liability for damages or injury arising from activities related to the use of the information set out in this publication or to the use of products provided by Dynasol Group.

For further information, visit our website: dynasolgroup.com



Contents

Our sustainability management in 2019



Committed
to creating **value** for
a **sustainable** future





We are
committed to
finding new
and improved
ways of
conserving the
environment
while creating
value

Introduction

Sustainability is a priority factor at Dynasol Group while we work to satisfy demand for our rubber and chemical products.

It is the reason why, on the occasion of our 20th anniversary, we have created this First Sustainability Report, in which we explore the most significant indicators in the economic, social and environmental spheres produced by our sustainability management in 2019.

We are committed to finding new and improved ways of conserving the environment while creating value for our stakeholders in all of the geographical areas where we operate. We believe that sustainable management of our resources will secure a better future for our planet.





Table of contents

Our Sustainability Vision	3	>
Sustainable Development Goals	4	>
Rubber, a sustainable material	5	>
Global Sustainability Plan Overview	6	>
 Environment	7	>
 Ethics and Transparency	10	>
 People and Community	13	>
 Operational Safety	16	>
 Innovation	19	>
Plan Update Process	22	>

< 2 >

Sustainable
development:
the best way
of securing
the future

Letter from the CEO

We have taken a new step forward in our commitment to sustainability in 2020 with the publication of this 1st Sustainability Report.

At Dynasol Group, we support the United Nations 2030 Agenda for Sustainable Development and take the 17 Sustainable Development Goals (SDGs) as a reference when setting our priorities in sustainability. As a chemicals company, we are convinced that we can contribute to attaining these goals. In recognition of this, we have engaged in a priority-setting exercise to focus on those goals to which we can contribute most.

Our aim is to continue working to satisfy demand for our chemical and rubber products in a safe and sustainable way. To this end, as of the second half of 2019 all of the electricity consumed at our Spanish plants comes from 100% renewable sources, leading to a reduction in indirect CO₂ emissions of more than 13,000 tonnes.

Once again, this year Dynasol has achieved the highest EcoVadis score in sustainability, positioning us in percentile 98 in the rubber industry.

Dynasol Group's value proposition is founded on our belief that the model that we have been implementing over the last five years is fully compatible with growth in earnings and profit. In 2019, EBITDA¹ stood at \$78 million, with net profit reaching \$46 million.

⁽¹⁾Earnings before interest, taxes, depreciation and amortization.

Our business creates opportunities for direct employment, and we currently provide jobs for almost 1,200 people worldwide. The growth of Dynasol Group has also generated stable jobs within the company, which come with a range of measures to support work-life balance. We likewise create indirect employment: in 2019 alone we made purchases of goods and services worldwide worth over \$550 million, of which \$268 million were made by our Spanish affiliates, with local purchasing accounting for some 80% of that total. Meanwhile, our American affiliates spent \$287 million on procurement, over 58% of it locally. The tractor effect of this purchasing benefitted more than 2,180 suppliers.

We have intensified lifelong learning and continuing professional development with the creation of a Training Plan supported by Business, Engineering and Leadership schools.

For the first time, our chemicals plant has obtained IATF 16949 certification, which accredits it as an entity with a quality system that meets automotive industry requirements, and certifies the plant's

management of changes in the product supply chain and the product life cycle, as well as its risk management approach focused on continual improvement.

We promote a safety culture as an instrument to guide decision-making among our employees, contractors and suppliers. We are committed to reducing accident rates in our operations, with a target of zero tolerance for unsafe conduct. Sound risk management is an intrinsic element of our activity.

We believe innovation has the power to drive the achievement of the SDGs, and we collaborate with our customers to develop new materials and solutions that can help them achieve their sustainability goals.

In 2019, Dynasol paid nearly \$39 million in taxes in the countries where we operate. At Dynasol Group, we manage tax matters according to best practice, acting with transparency in a responsible and efficient way.

This Report covers all relevant environmental, economic and social matters from 1 January to 31 December 2019.



Felipe Varela Hernández
Chief Executive Officer, Grupo Dynasol

A close-up photograph of industrial machinery. In the center, a rectangular object wrapped in a translucent, crinkled material is being processed. Above it, two large, metallic, semi-circular components are positioned symmetrically. The background is blurred, showing more of the industrial environment with various pipes and structures. The lighting is somewhat dim, with a blueish tint in the lower portion of the image.

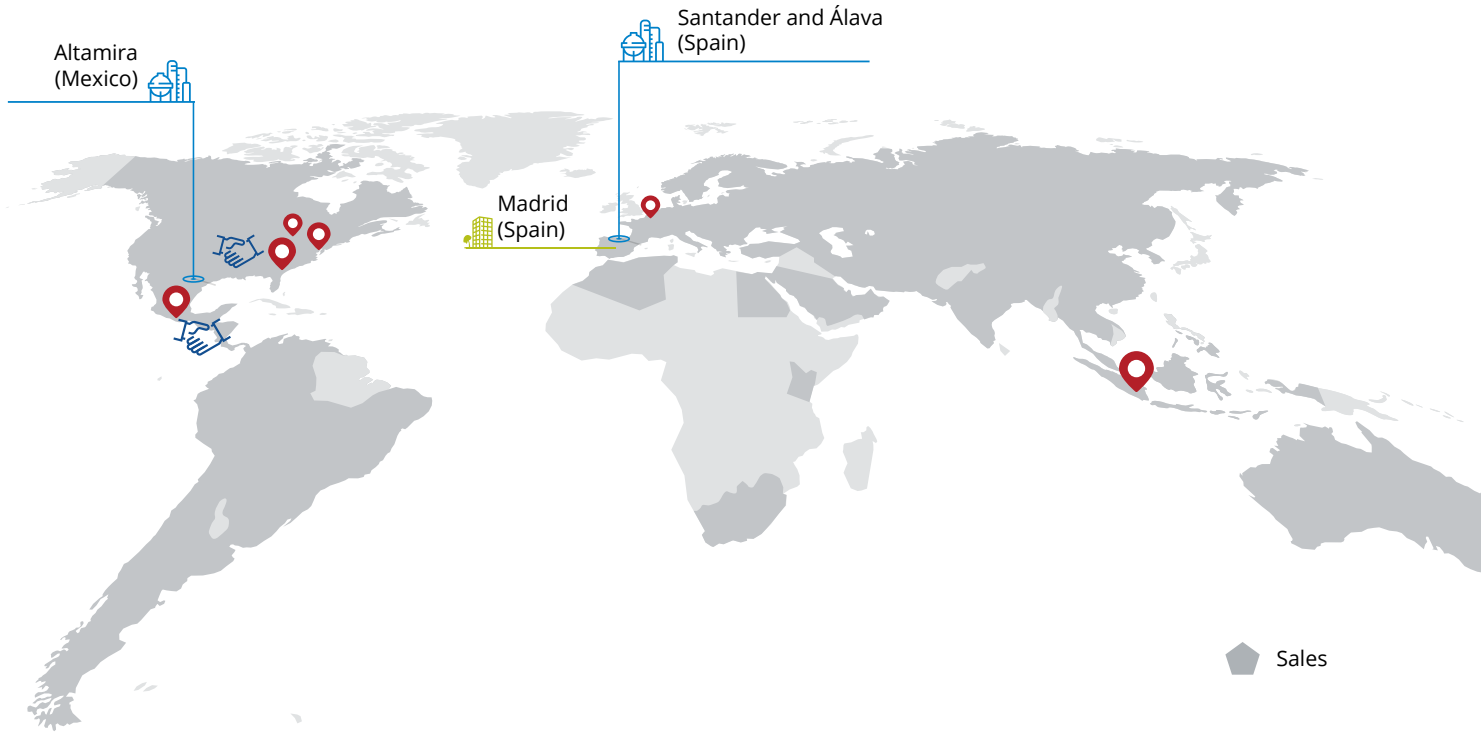
We innovate
to deliver our
customers
differentiated
and
sustainable
solutions

About Dynasol Group

Dynasol Group is a joint venture between the KUO Group and Repsol that leads the field in developing solutions for the elastomers market.

Our principal activity is the manufacture and sale of synthetic rubber and rubber chemicals. We look to innovation to provide differentiated solutions for our customers and contribute improvements to the sustainability of their products. Use of our rubbers in 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 a multicultural team spanning seven different nationalities and operates production centers in Spain and Mexico. We also have a presence in China through two 50:50 joint ventures with local partners: LND focuses on SBS/SSBR production, while IGSR manufactures NBR.



Production plants

Altamira (Mexico)

Capacity:
240,000 tonnes

1 pilot plant
eSBR, sSBR, SBS, NBR

Santander (Spain)

Capacity:
120,000 tonnes

1 pilot plant
SBS, SEBS

Álava (Spain)

Capacity:
30,000 tonnes

Accelerants, pigments,
phytosanitary products, biocides,
sulfates and sodium bisulfate



Head office

Madrid (Spain)



Sales offices

**Altamira (Mexico)
Houston, Texas (USA)**



External warehouses

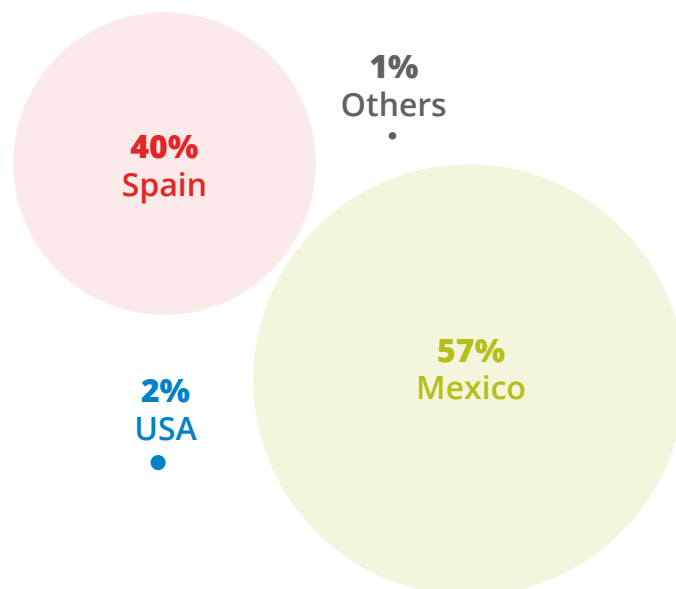
USA, Mexico, France, Indonesia



Workforce

Workforce: 1,176 employees
Equity: \$577 million
Total assets: \$745 million
Net sales: \$618 million

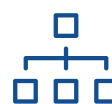
Our workforce comprises 1,176 people employed mainly in Spain and Mexico. We are also present in the United States and in other European countries such as Italy and France.



Region	Million dollars
Net sales, other income and benefits	644
Financial income	5
Direct economic value generated	649
Operating costs	499
Employee costs	55
Payments to governments	39
Payments to providers of capital	33
Economic value distributed	626
Economic value retained	23
Financial assistance received from government	0.4

NOTE: All financial information on Dynasol Group contained in this document is pro forma and consolidates the data available on the two holdings that make up the Group: Dynasol Gestión España and Dynasol Gestión México.

Region	2019 volume thousand tonnes	2019 sales million dollars
Americas	142	320
Asia	9	24
Europe	106	269
RoW	2	5
Grand total	259	618



Corporate governance

Board of Directors
 (50% Repsol + 50% KUO)

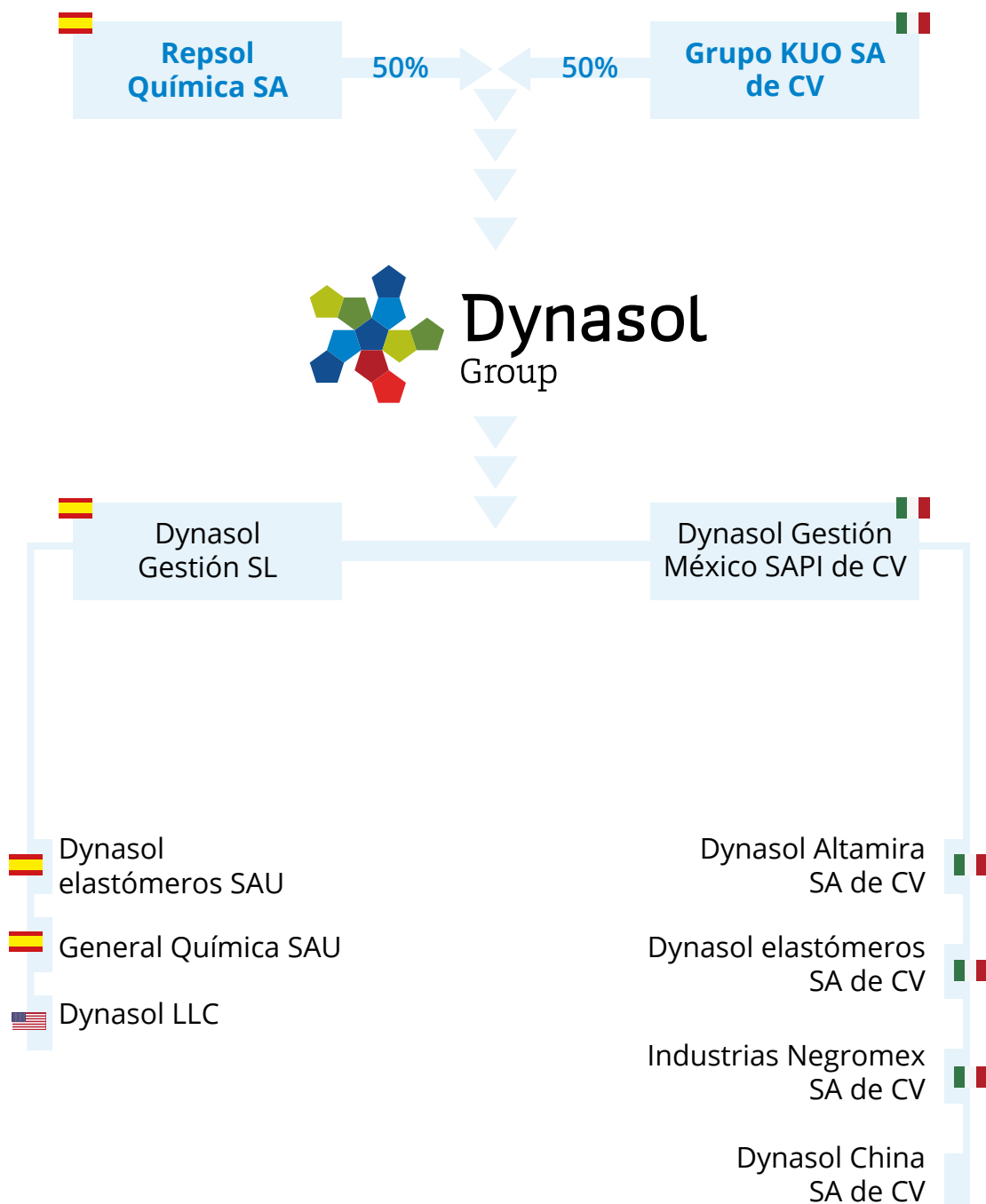
CEO, Dynasol Group

Management Committee

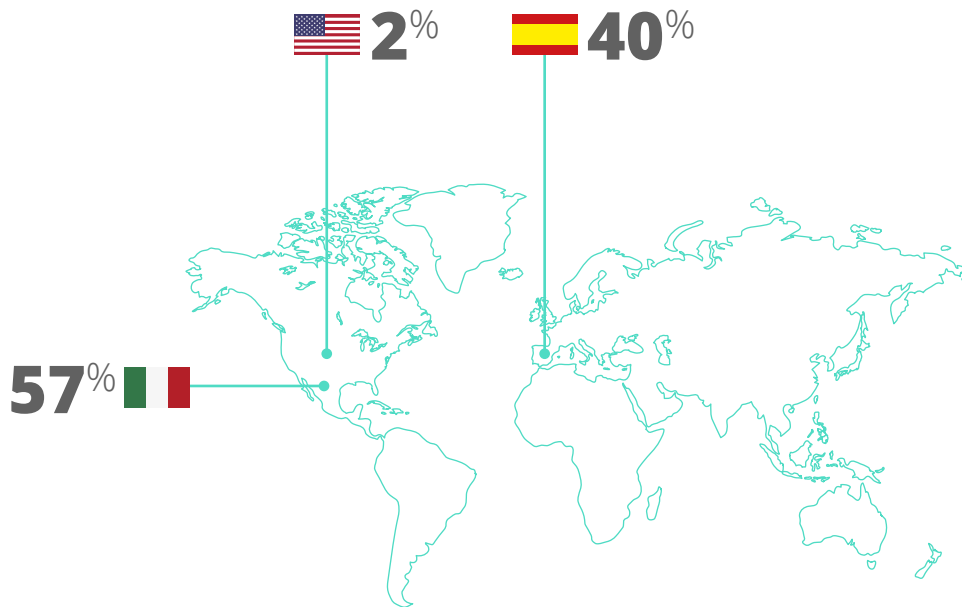


Corporate structure

Dynasol Group comprises nine entities incorporated in three different countries.



NOTE: The above information does not include shareholdings in joint ventures.

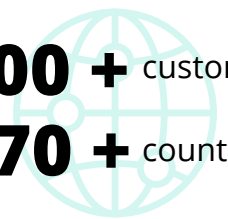


1,176

employees
across
all sites



500 + customers
in **70 +** countries



Sales

618+ million dollars



Production

267+ thousand tonnes



Consumption of reused water increased by over 38,000 m³ compared to 2018



In 2019 we purchased 53,169 MWh of electricity from renewable sources



Specific direct CO₂ emissions decreased by 31% compared to 2018



The total number of personal accidents fell by 17% in the last two years

2019 highlights

ECOVADIS: Gold rating

















Ecovadis assesses companies' corporate social responsibility (CSR), offering complete and comparative information to support continual improvement. Its evaluation method is based on international sustainability standards and is supervised by a CSR scientific committee and supply chain experts to guarantee that assessments are reliable.

In 2019, Dynasol Group achieved **gold rating**, positioning us **in the top 5% in the industry**.



2019 certifications

In line with our commitment to providing our customers with quality, reliable products, **the Group's plants operate to rigorous international standards** and adhere to ISO-certified management systems. With the aim of upholding the quality systems of our automotive industry customers and ensuring we always offer maximum quality, **in 2019 we sought and achieved IATF certification for our automotive industry products for the first time.**

Certifications	Emulsion plant (Altamira)	Solution plant (Altamira)	Solution plant (Santander)	Chemicals	Dynasol Gestión SL
Quality ISO 9001: 2015					
Environment ISO 14001: 2014					
Quality (food grade) FSSC 22000					
Quality (IATF) 16949: 2016					
Quality (FDA)					
Quality (KOSHER)					
Health and safety OHSAS 18000					

A close-up photograph of two hands, palms facing each other, with fingers curled to form a heart shape. The hands are light-skinned. The background is a soft-focus view of green trees and foliage, suggesting an outdoor setting. A solid blue rectangular box is positioned in the lower-left corner, containing white and yellow text.

We protect
the planet
by sustainably
managing
natural
resources

Our vision for sustainability

Sustainability is a priority factor on which we base all our operations. We apply the concept of sustainability to the geographical areas where we operate, constantly seeking the best ways to conserve the environment at all our work centers.

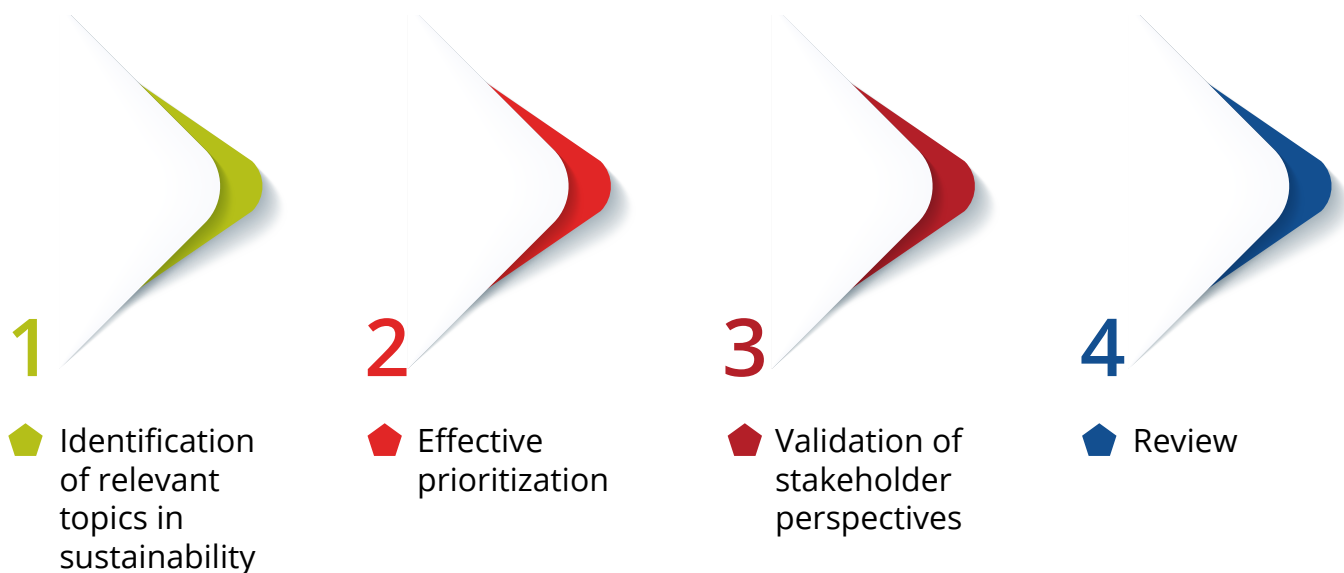
We are committed to protecting the planet through sustainable management of natural resources to maximize, through ethical and transparent conduct, their availability and quality for future generations.

We have our own Sustainability Plan based on environmental, economic and social guidelines. This Plan **was designed to respond to our concerns in the area of sustainability and those of our stakeholders.** We have permanent and transparent channels and mechanisms for dialogue that we use to identify and understand their expectations regarding our performance in sustainability.

In 2019, we performed a **Materiality Analysis in line with the principles and GRI standards**, the benchmark for information management

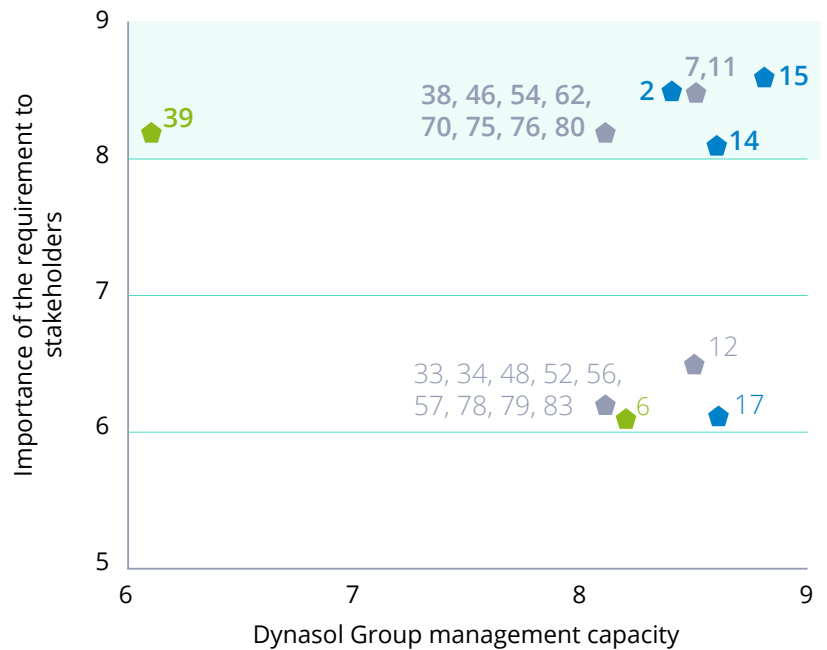
in sustainability. This analysis represents a key contribution to establishing the most appropriate goals and initiatives for Dynasol Group. Moreover, it offers a mechanism for dialogue and for building relationships between Dynasol's management and our stakeholders. The Materiality Analysis is based on consultations performed to gain knowledge of their perspective, along with in-depth analysis of sources of information on the sector.

This process comprises four steps: identification, priority setting, validation and review, with a view to identifying and understanding priority aspects of sustainability according to our stakeholders, and those areas where Dynasol Group has the capacity to generate maximum impact.



Commitment to our stakeholders

The matrix shows **the most relevant topics in sustainability** according to the entire range of stakeholder perspectives and Dynasol Group's management capacity.



Material issues

Environment

6	Reduction of waste, emissions, energy, water. Environmental certifications.
33	LCA. Link with circular economy. Measurement of carbon footprint (GHGs).
38	Recovery of waste.
39	Energy efficiency.

People and community

48	Integration with universities.
52	Inclusion of people with different capacities.
54	Equality.
56	Work-family balance.
57	Flexible working hours.
70-79	Diversity and equal opportunities.
78	Work-life balance.

Innovation

GD	R&D projects.
GD	Digital transformation

Ethics and transparency

2	Ethics training within the organization.
11	Taxation.
12	Taxation policy.
14	Comprehensive model of compliance.
15	Transparency (organizational and legal structures).
17	Internal control.
62-63	Data privacy.
75	Ethical and behavioral compliance.
76	Respect for human rights
80	Ethics and transparency
86	Total compensation (including salaries).

Safe operation

7	Safety certifications.
46	Prevention of accidents.





Our commitment to the UN Sustainable Development Goals

We are committed to sound resource management under an innovative business model that can respond to present and future needs.

We actively support the SDGs set out in the United Nations 2030 Agenda as a call to action for all countries to eradicate poverty, protect the planet and guarantee peace and prosperity.



Environment



Circular economy and environmentally responsible operation

Climate change



Ethics and transparency



Anti-corruption

Responsible tax practices

Our contribution to the SDGs

During 2019, we implemented initiatives that focus on addressing the main challenges we face in sustainability.

These actions are rooted in the material issues identified and, with the aim of focusing our efforts on the aspects where we have the most capacity to act, they have been organized into five main areas: **environment, ethics and transparency, people and community, safe operation, and innovation.**



People and community



People
Community



Safe operation



Safety culture
Accident minimization



Innovation



R&D projects.
Digital transformation



Improvement in wastewater quality

of 13% in COD/tonne
produced in the last year



Reduction in CO₂ emissions

of over 3,900 tons thanks to
greater energy efficiency



Waste management

We send 70% of waste for
external recycling



Circular economy

We select suppliers that use
recycled materials

Environment

Conscious of the effects of climate change, we contribute to global agreements and goals to mitigate its effects.

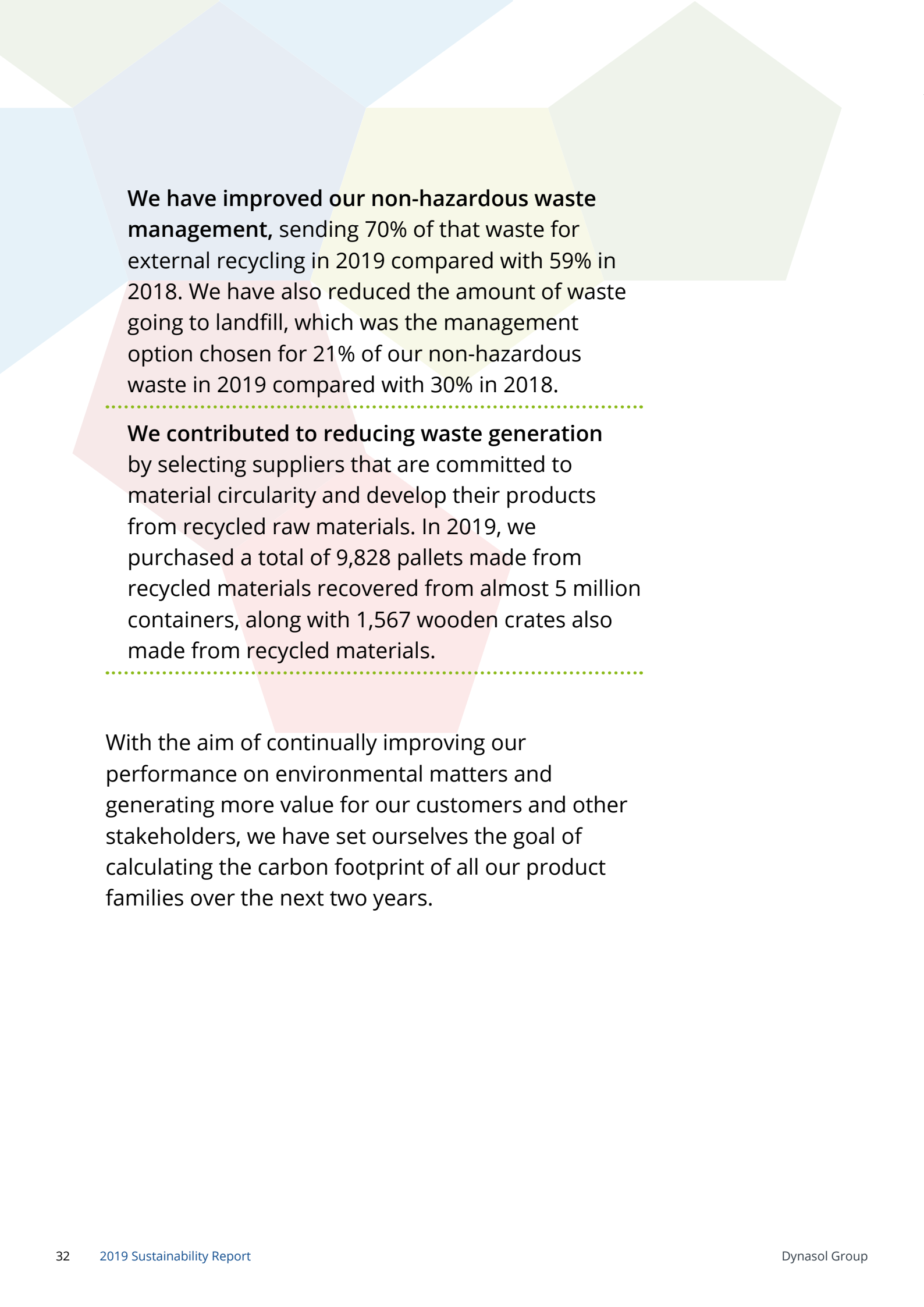
Environmental protection is a priority in all the activities we perform. We make sure we comply with the environmental obligations in force in all of the countries where we operate. We also make sure we use the natural resources available in those areas in a sustainable way.

2019 highlights

We have **improved wastewater quality** by achieving an average reduction of 13% in chemical oxygen demand (COD) per tonne produced in the last year.

We have reduced our fresh water intake by 308.764 m³, a 4% reduction on 2018.

By implementing **energy efficiency** projects, we avoided emissions of more than 3,900 tonnes of CO₂ in 2019. Since the second half of the year, the energy we acquire at our Spanish plants comes from 100% renewable sources, which avoided generation of over 13,000 tons of indirect CO₂ emissions.



We have improved our non-hazardous waste management, sending 70% of that waste for external recycling in 2019 compared with 59% in 2018. We have also reduced the amount of waste going to landfill, which was the management option chosen for 21% of our non-hazardous waste in 2019 compared with 30% in 2018.

We contributed to reducing waste generation by selecting suppliers that are committed to material circularity and develop their products from recycled raw materials. In 2019, we purchased a total of 9,828 pallets made from recycled materials recovered from almost 5 million containers, along with 1,567 wooden crates also made from recycled materials.

With the aim of continually improving our performance on environmental matters and generating more value for our customers and other stakeholders, we have set ourselves the goal of calculating the carbon footprint of all our product families over the next two years.

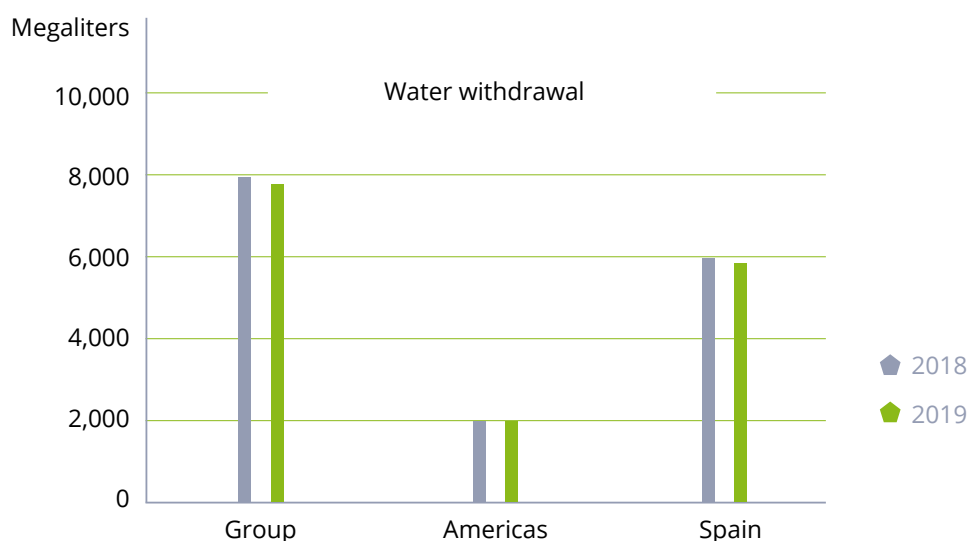
Sustainable use of water resources

Our plants are located in natural environments that we work to conserve by consuming resources in an efficient way and minimizing our impact on the environment. In 2019, we reduced our water abstraction by 309 megaliters (ML) over 2018, and we are currently performing a water consumption analysis to continue reducing abstraction and increase reuse as far as possible.

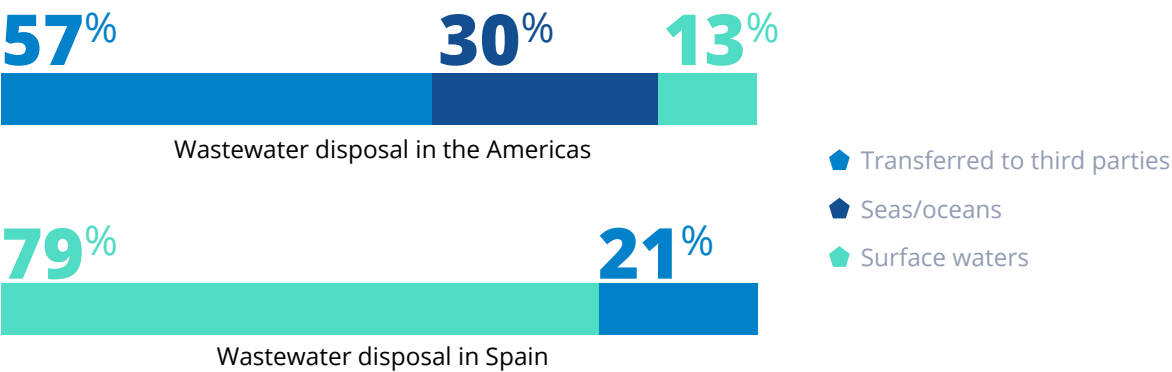
	All zones (megaliters)	Zones suffering water stress (megaliters)
Total water withdrawal	7,906	0

Water withdrawal by source	Americas (megaliters)	Spain (megaliters)
Surface water (includes sea water)	2,172	5,713
Groundwater	0	1
Mains water	0	4

+32%
reused water
in 2019 vs. 2018



The total volume of wastewater produced was 9,796 megaliters. Some 24% was discharged into seas/oceans; 60% went to hybrid surface water resources; and the remaining 16% was transferred to third parties for treatment. Effluents from our plants undergo treatment to minimize their impact on water resources.



The quality of our wastewater discharges is monitored by measuring chemical oxygen demand. In 2019, COD (kg/tonne produced) was reduced by 13%.



Emissions (Scope 1+2)

One of Dynasol's main environmental commitments is to implement initiatives that improve our environmental performance and reduce our greenhouse gas emissions. In 2019, we began to acquire electricity from renewable sources with the aim of replacing 100% of the non-renewable electric power used at our Spanish plants over the medium term.

Direct and indirect emissions		2017	2018	2019
Emissions (Scope 1: (CO ₂ , CH ₄ and N ₂ O))	Total GHGs* (tonnes of CO₂ equivalent)	92,066	46,079	31,618
	Americas	89,508	43,622	29,148
	Spain	2,557	2,457	2,471
Emissions Scope 2	Total GHGs* (tonnes CO₂ equivalent)	191,787	201,686	220,565
	Americas	71,402	88,055	99,239
	Spain	120,385	113,631	121,326
Energy (Scope 1+2)	Total (thousand gigajoules)	4,215	3,160	3,173
	Americas	2,212	1,320	1,169
	Spain	2,003	1,840	2,004

* Greenhouse gases

Direct and indirect emissions (Scope 1 and Scope 2) were verified as per international standard ISO 14064: Scope 1 (direct emissions deriving from Dynasol Group's activity), Scope 2 (indirect emissions associated with electricity and steam purchased from third parties).



2019 CO₂ emissions, by Scope

◆ Scope 1

◆ Scope 2

87%

13%



Dynasol Group

77%

23%



Americas

98%

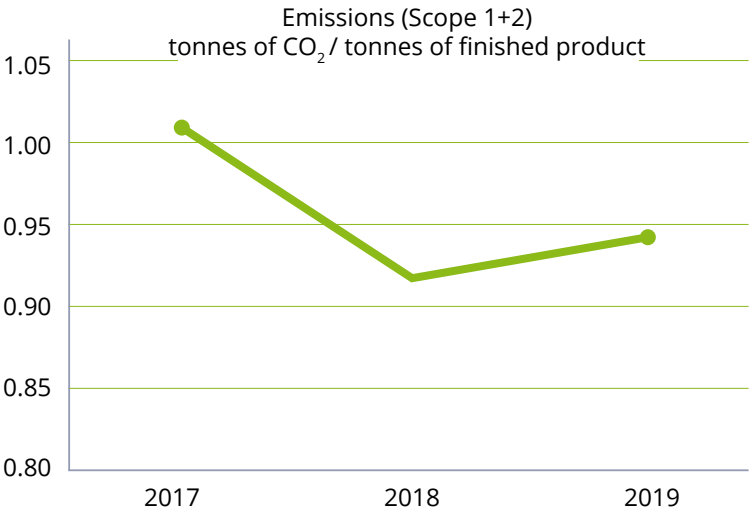
2%



Spain

Thanks to the implementation of initiatives to optimize energy use in recent years, CO₂ emissions were reduced by 7% per tonne of finished product.

We ceased generating steam in our own boilers at one of our plants in 2017, changing to acquiring it from a third party that generates steam using more efficient technologies.

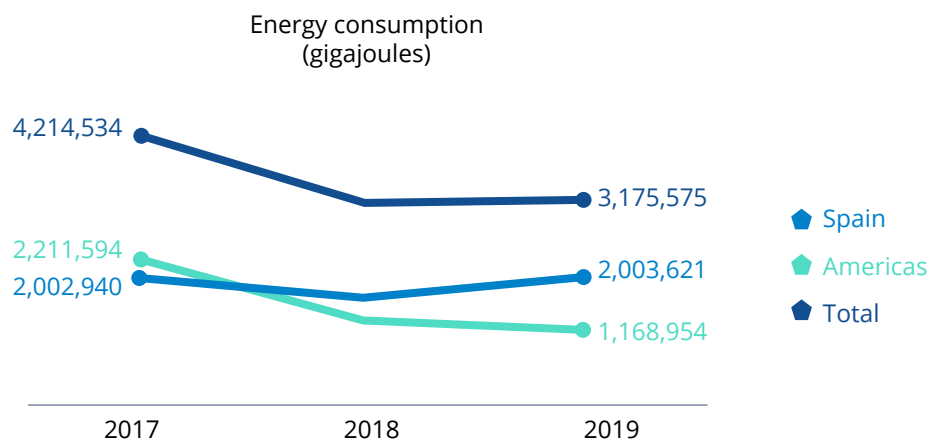


Energy

We continue to promote initiatives to reduce our energy consumption. These initiatives take various forms, but all seek to optimize energy use in our production processes and, in turn, lessen the impact of our activity on the environments where we operate.

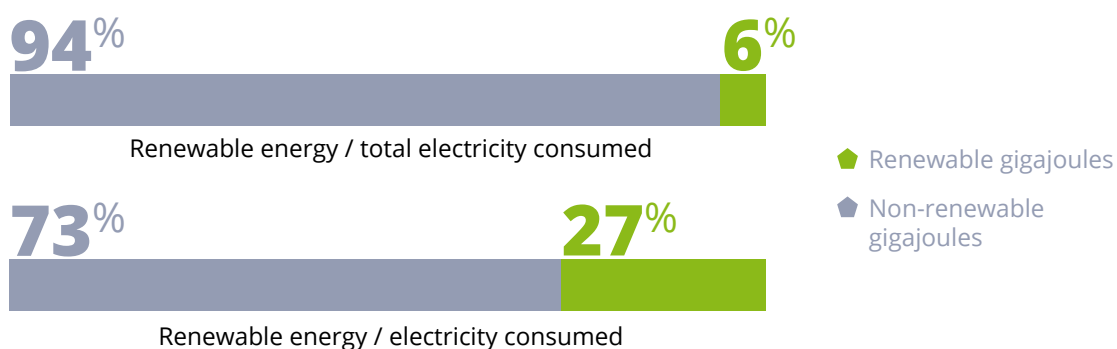
In 2019, we implemented energy optimization initiatives at all our plants. The following initiatives have made the greatest contribution to reducing the impact of our activity:

- ◆ Increasing solid percentages in our reactors to reduce solvent consumption.
- ◆ Reducing recirculation in purification columns.
- ◆ Optimizing steam networks.
- ◆ Maintaining traps.
- ◆ Recovering condensates.



This calculation covers principally steam and electricity reductions.

We are switching to renewable energy sources. In 2019, we acquired more than 39,000 MWh for our plants in Spain and aim to increase renewable MWh in 2020.



Total energy consumed includes the gigajoules covered by Scope 1 and 2.

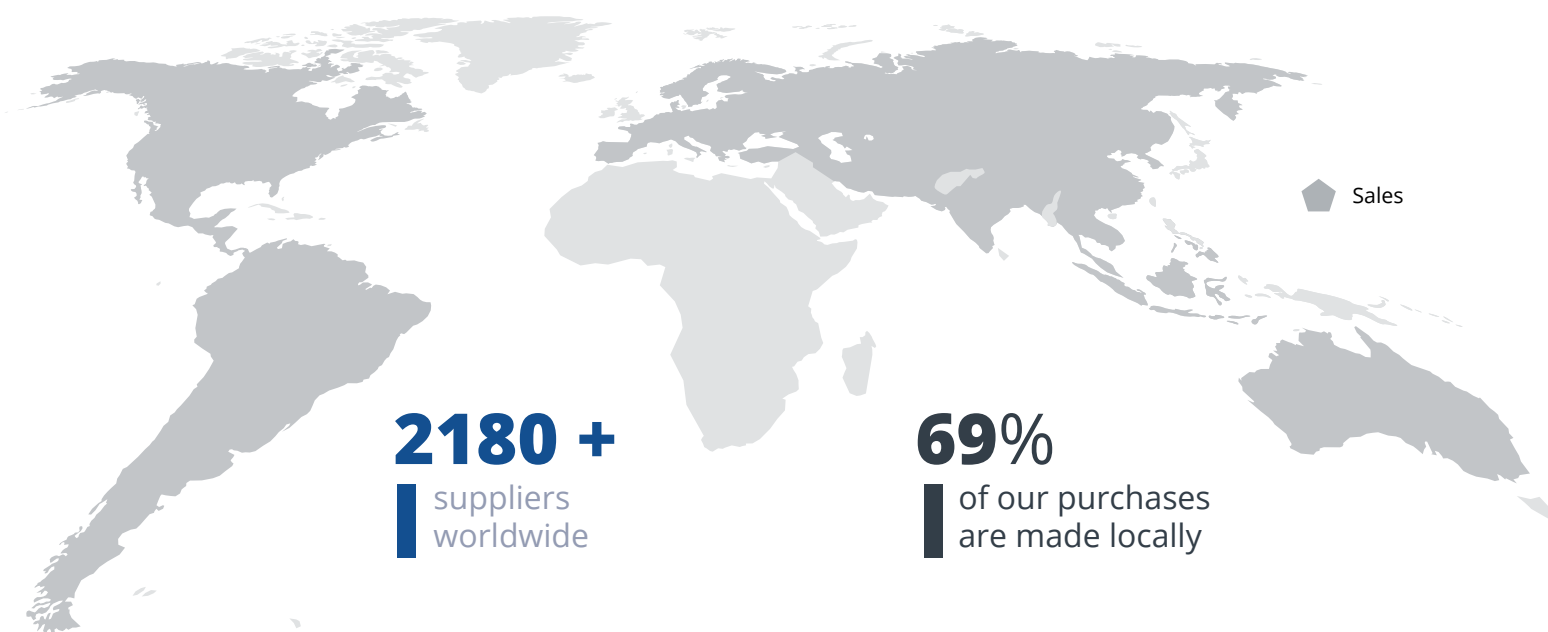
Energy consumed only includes the gigajoules of energy consumed.

Sustainable supply chain

Dynasol Group has more than 2,180 suppliers around the world. **Some 85% can be classified as local, and they account for a total of 69% of our purchases.** Using local suppliers allows us to support the economic development of the areas where our production centers are located.

With the aim of guaranteeing the quality of the products we deliver to our customers while ensuring we have a sustainable supply chain, we have achieved the following:

- ◆ Some 30% of our suppliers have pledged compliance with our Supplier Code of Ethics and Conduct.
- ◆ We hope to raise this percentage to 90% during the next year among those suppliers providing more than one service.



The Code sets out the general guidelines on conduct to be adhered to by suppliers and subcontractors providing repeated services (more than once) when fulfilling their functions and in their commercial and professional relations. All new suppliers entering our system must sign a letter pledging their adherence to the Code.

- ◆ We make sure that 100% of our suppliers comply with their legal obligations to their employees in accordance with the applicable regulations in each country.
- ◆ We have also started assessing our suppliers on sustainability grounds. To date, 100% of those assessed meet the minimum requirements.





Continuing professional development

compulsory for
new recruits



Model of compliance

to identify
and assess risks



Responsible tax practices

by applying transparent
tax practices

Ethics and transparency

Dynasol has a Code of Ethics and Conduct approved by our Board of Directors.

This Code defines the values, courses of action and general guidelines that govern the conduct of Dynasol and all of the Group's employees when performing their functions and in their commercial and professional relations, acting in accordance with the law in force in each country and respecting the ethical principles of each culture.

These ethical values that serve as a benchmark and guide to basic conduct for all Dynasol employees are as follows:



Strict observance of these values is expressed in the following guidelines and standards of conduct:

- ◆ Compliance with the law and with contractual commitments
- ◆ Respect for human rights
- ◆ Employee recruitment, career development and equal opportunities
- ◆ Health and safety
- ◆ Environmental protection
- ◆ Conflicts of interest

Adherence to the values, principles, guidelines and standards contained in the Code of Ethics and Conduct applies to all Dynasol Group employees, contractors and their staff, external consultants and professionals, temporary staff, interns and other suppliers, whether they provide their services at Dynasol or in other spheres on the company's behalf. To this end, since 2019 Dynasol has provided a platform for online training of its employees on the Code of Ethics and Conduct. The platform features an exam to assess knowledge and understanding of the Code of Ethics and Conduct. Employees are requested to accept the Code. All new staff members joining the company have to complete this training.

Crime prevention model (CPM)

We have adopted and standardized a Crime Prevention Model to provide appropriate and effective structure and mechanisms to identify and prevent potentially criminal conduct, employing appropriate actions and controls to significantly reduce the risk of any crime being committed. This model was approved by our Board of Directors on 14 December 2015.

Dynasol's Crime Prevention Model constitutes a formal framework encompassing the activities, processes, standards and internal controls applied at all times to identify, assess, mitigate and prevent crimes that can be charged to legal persons in the range of locations where our companies operate, in accordance with the law in force, along with any crimes that could significantly affect employees, managers and directors working for Dynasol, and as a minimum significantly reduce the risk of such crimes being committed.

Supervision of the functioning of Dynasol's Crime Prevention Model and compliance with it has been entrusted to a crime prevention body with independent powers of initiative and control and allocated sufficient material and human resources to perform its duties.

Phases of the Crime Prevention Model:

1. Prevention phase: This first phase sets out the measures designed to prevent the criminal conduct established by the crime prevention body and defined in the CPM.

2. Verification phase: In this phase, the crime prevention body verifies that the various risk and control managers and owners assess the fitness of the design and functioning of the CPM to ensure it is up to date and valid.

3. Response phase: This phase sets out the general rules for action to ensure internal investigation of any acts that might constitute a risk or suspicion of crimes that could be attributed to a legal person, or failure to comply with the CPM, whether through reports received through the channels created for this purpose, or through knowledge obtained during the course of the crime prevention body's duties. For these purposes, we have created a specific reporting and complaints channel (buzon.transparencia@dynasol.com). All Dynasol employees, regardless of their grade in the company, geographical location or duties, have the obligation to understand and comply with the CPM and report any breach of the model.

4. Reporting phase: Annual report setting out the results of verification of the effectiveness of the controls associated with the CPM, submitted to the Board of Directors.

Dynasol Group has developed a Model of Compliance to ensure compliance with applicable law and standards in the following risk domains: employment and social security, anti-corruption, taxation, environment, prevention of money laundering and financing of terrorism, international sanctions and embargoes, competition (financial information), crime prevention model, and privacy and data protection.

The Model of Compliance identifies the main risks to which the business is exposed, along with an assessment of those risks (inherent and residual) and the policies, standards, procedures and control activities in place to mitigate those risks.

2019 highlights

We train 100% of our staff on our **Code of Ethics and Conduct**. Compulsory training for new recruits.

Development of a **Model of Compliance** to identify and assess risks.

Responsible tax practices. 2019 highlights

Dynasol Group's tax policy sets out our commitment to managing tax matters according to best practice, acting with transparency and paying taxes in a responsible and efficient way.

We have drawn up our own **Tax Policy** to ensure full compliance with our tax obligations.

Dynasol Group – taxes effectively paid in 2019, by country⁽¹⁾

Country	Tax burden thousand dollars			Tax collected thousand dollars		
	Tax	Tax	Total	VAT	Deductions	Total
	Income tax	Other income taxes ⁽²⁾				
Spain	8,575	7,237	15,812	0	8,056	8,056
France	114	101	214	415	17	431
Italy	49	42	91	0	40	40
Portugal	0	0	0	1,493	0	1,493
Germany	0	0	0	281	0	281
Mexico	15,918	5,404	20,322	5,645	4,749	10,395
USA	830	1,488	2,319	0	28	28
TOTAL	24,486	14,272	38,758	7,834	12,890	20,724

(1) Calculations only include taxes effectively paid during the tax year, and do not include items such as taxes on profits accrued during that year but due to be paid at a future date. The calculations likewise do not include returns from previous years.

(2) Local taxes, fees and social security contributions.

Also being implemented is a global procedure for regular monitoring and evaluation of our compliance with tax obligations, which will provide Dynasol with a comprehensive system for regularly inventorizing, monitoring, updating and evaluating compliance with tax obligations applicable to the range of legal persons and other entities belonging to Dynasol Group.





Provision of training

Over 45,000 hours' training



Work-life balance

Fostering of work-life balance



Talent map

Individual training plans and leadership programs

People and community

At Dynasol Group, we are committed to developing people through inclusion of the collective talent that contributes to our company's diversity.

We consider inclusive diversity to be a key element of competitiveness, since it brings in people with different origins, ages, gender or skills.

People. 2019 highlights

Increase of 5% in **training** under our Annual Training Plan compared with 2018. Our employees received a total of 45,443 hours of training in 2019 in response to the 380 training needs identified by the Group at the start of the year.

We implement **Individual Training Plans** by analyzing the **talent map** generated during the year. Various leadership programs are also initiated. Protalent, the KFALP project, and Dynasol DNA are some of the projects implemented in 2019.

All our employees have access to initiatives that **promote work-life balance**, such as teleworking, workplace flexibility and different types of leave.

Genius Awards. We encourage initiatives to detect, develop and reward innovative ideas and projects proposed by our employees, with the aim of developing our collective intelligence. The proposals received are assessed by a set of committees created to select the best ideas and projects.



Community. 2019 highlights

We actively support, promote and participate in actions to assist and work with the communities in which we operate, involving our employees and prioritizing CSR efforts. We also generate spaces for collaboration to create self-sufficient support teams that contribute to social causes.

“Hambre Cero Dynasol” (Dynasol Zero Hunger) project

Humanitarian initiative in partnership with food banks, resulting in collection in Spain of employee donations of more than 300 kg of food, which were distributed to local vulnerable families.

“Tapones para una Nueva Vida” (Caps for a New Life) project

Through this project in partnership with Fundación SEUR, we have helped more than 161 children by recycling over 5,000 tonnes of plastic caps, raising €1,156 that helped fund medical and orthopedic treatments. In addition, the project avoided emission of almost 8,000 tonnes of CO₂.



“Mi Playa Limpia” (My Clean Beach) project

In recent years, we have participated in this initiative to clean the Miramar beach in Altamira, Mexico. A total of 20 tonnes of trash was removed from 1 hectare of beach.

“Apadrina Un Niño” (Sponsor a Child) project

We delivered 65 packages of school materials to vulnerable children. The purchase and delivery of these packages was made possible by cash donations from our partners across our work centers.



“Adopta una Escuela” (Adopt a School) project

This partnership project involving a school in Mexico supports tree planting. School materials were also donated to improve the facilities. Dynasol has also supported the organization of events such as graduations, talks on a range of issues and different sports and cultural activities.

Partnership projects

We partner with various foundations to raise awareness about promote integration of people with different capacities in work and social spheres.





Certifications

Safety certification
at our Spanish and
Mexican plants



Occupational safety

the accident rate
has fallen by 17%



Avanza program

to institute a safety culture
in line with our target
accident rate

Safe operation

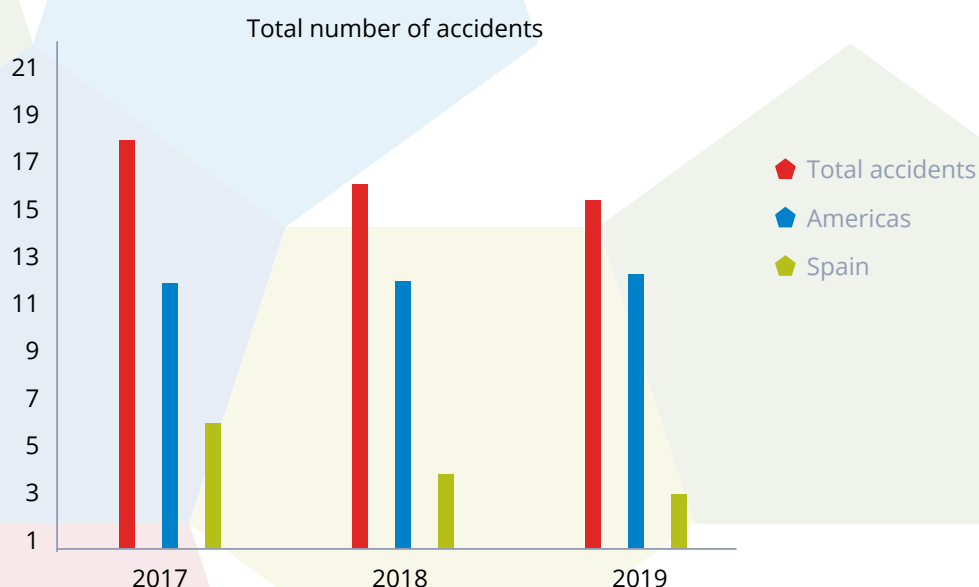
We pursue excellence in safety.

Safety is a cornerstone of all of our operations within Dynasol Group and our decisions in all spheres are guided by prioritizing health and safety. We have set a target of zero tolerance for unsafe acts and situations that place at risk not only our staff and industrial assets but also those of our contractors, suppliers and the communities where we operate.

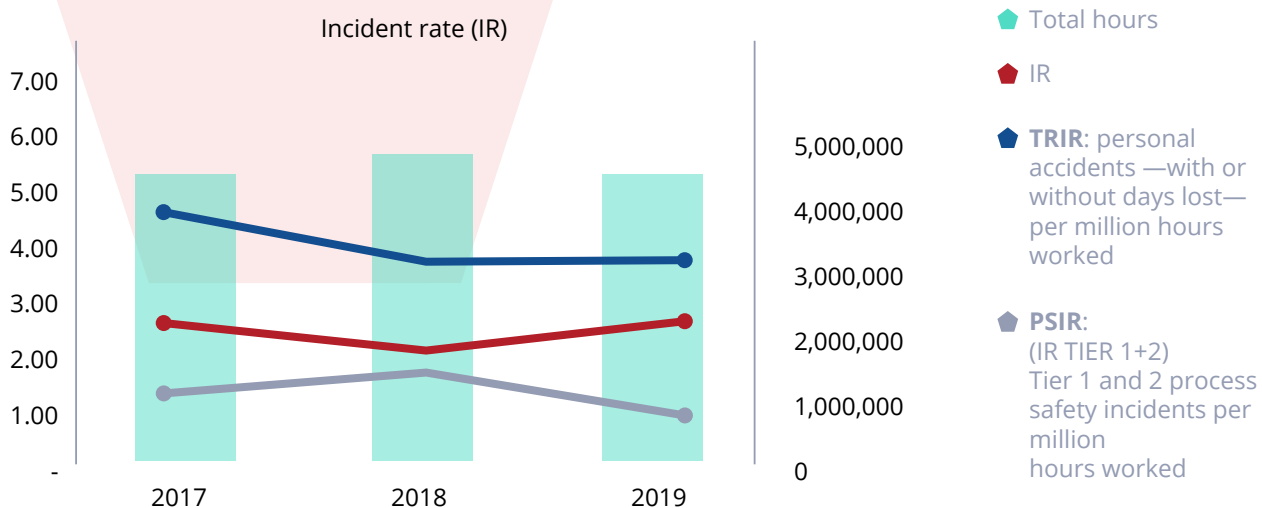
We work to continually reinforce our safety culture to guarantee that every single person in our organization is trained to manage and reduce the risks associated with our operations, in turn minimizing our personal and industrial accident rates.

2019 highlights

Since 2017, we reduced the accident rate by 17%.



Thanks to the commitment of the Dynasol team, together with our suppliers and contractors we have reduced our accident frequency rate in recent years, improving our Total Recordable Incident Rate (TRIR) and Process Safety Incident Rate (PSIR) by 18% and 41%, respectively.



We are also in the process of implementing Avanza, a safety and environment leadership program that will allow everyone working at Dynasol Group to assimilate a safety culture in line with our target of zero accidents.



En
seguridad
tomamos
partido

Dynasol Group is committed to continual improvement in safety. That is why our Spanish plants are ISO 45001-certified and why we are working towards certification of our Mexican plants under the same international standard.





Patent development

We hold 315 patents and have a further 44 in the process of being granted



Partnership

with a network of research centers and universities worldwide



4 research groups

and engineering support and development teams

Innovation

Dynasol Group has made sustainability one of the cornerstones of new product innovation.

Our Technology Unit comprises multidisciplinary teams working to develop solutions that meet market demands while taking into account our impact on the environment and society, and our contribution to a more circular economy. We also work hand-in-hand with our customers to help make their businesses more sustainable.

To do this, we are introducing environmental concerns into our development processes, focusing on reducing resource consumption (materials, energy and water) and lowering waste and emissions.

Dynasol has four research groups located in Spain (Santander and Álava) and Mexico (Altamira), as well as engineering support and development teams in both countries, comprising 76 people who report directly to our business units to make sure that all new developments meet the needs of our stakeholders.

As at 31 December 2019, Dynasol held 315 patents, the result of the hard work and dedication of our development teams. We are working on 44 new patents currently under review at patent offices mainly in the United States, Europe and China.



We support partnership as part of a network of research centers and universities across the world. We maintain ongoing contact with these institutions because we want to complement our skills with other areas of expertise available in the places where we work. For example, we have partnered with the CIQA Research Center for Applied Chemistry in Mexico, the University of Akron (OH, USA), the

University of Cantabria (Spain) and the University of the Basque Country (Spain), among others.

We are active in various associations as part of our quest for continual improvement in health and safety and environmental protection, in line with the principles of sustainable development and CSR.



2019 highlights

CO₂ as raw material

As part of the strategy to improve processes and minimize the impact of Dynasol Group's activity, we have implemented various development projects that use CO₂ as a raw material to reduce our products' carbon footprint.


During the first half of 2019, following modifications to existing facilities at our plant producing rubber chemicals, CO₂ consumption was equivalent to that annually absorbed by 18,500 trees (according to the European average ratio).

Asphalt membranes

We work to find solutions in asphalt waterproofing membranes that offer the highest protection of the environment and human health.

Our newly developed Calprene® 480X grade offers our customers greater compatibility with different qualities and sources of bitumen, in line with the entry into force of new standard IMO 2020.



The background of the slide is a photograph of a road stretching into the distance at sunset. The sun is low on the horizon, creating a strong orange and yellow glow that filters through the trees on the right. The road surface is dark asphalt with a white dashed line. On the left side of the image, there is a large blue geometric shape, a triangle that points towards the bottom right, which serves as a background for the text.

The Calprene® 480X grade gives asphalt membranes excellent ageing properties, increasing their service life and reducing the need for maintenance, which translates into less consumption of energy and raw materials, as well as greater safety for workers due to lower levels of exposure.

Adhesives

Environmental and safety regulations are increasingly restrictive when it comes to the emission of volatile organic compounds (VOCs) to conserve air quality and protect the health of workers and end users. The adhesives and sealants industry is seeking to replace solvent-based adhesives with other, more sustainable solutions such as hot-melt pressure-sensitive adhesives (HMPSAs).

At Dynasol we have developed the new Calprene® 743X grade for use with low-viscosity, solvent-free HMPSAs, achieving a significant reduction in plasticizing oils and excellent adhesive properties for labelling, tape and non-wovens. Reduced viscosity means formulation temperatures can be lower on final application, leading to reduced energy consumption over the product life cycle and lower CO₂ emissions in production and application.





Carbon black masterbatch

The development of our CBMB EMULBLACK® based on ESBR, oil and carbon black is a clear example of how we help our customers to make their production lines safer and more environmentally friendly.

Using EMULBLACK® makes it possible to eliminate the carbon black dispersion phase in the composite, lowering energy consumption and reducing equipment wear and tear, thereby increasing its service life. Moreover, it makes it possible to perform mixing cycles at lower temperatures with the attendant reduction in emissions, improving worker safety and health by eliminating particulates while still offering excellent performance in the final tire product.



PVC replacement

At Dynasol, we have developed **Calprene® H6180X**, a hydrogenated rubber SEBS which, in formulations with polypropylene (PP), can replace PVC in medical applications such as phthalate-free IV bags and medical tubing.

These thermoplastic elastomer (TPE) compounds improve heat, ozone and UV radiation resistance, and provide flexibility at low temperatures, tear-resistance even at low thicknesses, and greater impact resistance compared with PVC. Moreover, these compounds can be formulated without oil, preventing migration and, therefore, contamination. Unlike PVC, which has limited recyclability, they are also easily recycled.







Grupo

Dynasol

Contents
Global
Reporting
Initiative
(GRI)

GRI index

General contents

Profile of the organization

GRI standard	Description of the indicator	Comments	Reference in the report
102-1	Company Name		15
102-2	Activities, brands, products and services		15-16
102-3	Location of the headquarters		16
102-4	Location of operations		16
102-5	Property and legal form		15,18
102-6	Markets served		17,40
102-7	Organizational Size		17,19
102-8	Information about employees and other workers		17, 19, 47, 51, 52
102-9	Supply chain		40
102-10	Significant changes in the organization and its supply chain		40
102-11	Precautionary approach or principle	Environment and safe operation	30-39, 56-59
102-12	External initiatives		53-55
102-13	Affiliation of associations		63

Strategy

GRI standard	Description of the indicator	Comments	Reference in the report
102-14	Statement from senior decision-making		11-13
102-15	Main effects, risks and opportunities		19-21, 23-25, 27-29

Ethics and integrity

GRI standard	Description of the indicator	Comments	Reference in the report
102-16	Values, principles, standards and norms of conduct		43-47
102-17	Advisory mechanisms and ethical concerns		43-47

Governance

GRI standard	Description of the indicator	Comments	Reference in the report
102-18	Governance structure		17

Stakeholder participation

GRI standard	Description of the indicator	Comments	Reference in the report
102-40	List of stakeholders		25
102-42	Identification and selection of stakeholders		23-25
102-43	Approach to stakeholder engagement		23-25
102-44	Key issues and concerns mentioned		23-25

Reporting practices

GRI standard	Description of the indicator	Comments	Reference in the report
102-45	Entities included in financial statements		18
102-46	Definition of the contents of the reports and the Coverage of the topic		2,3
102-47	List of material topics		25
102-48	Re-expression of information	No significant re-expressions	
102-49	Changes in reporting	First report: 2019	
102-50	Reporting period	2019	
102-51	Date of last report	Not applicable	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions about the report	Address any query related to the report to: buzon.sostenibilidad@dynasol.com	
102-54	Declaration of preparation of the report in accordance with GRI standards		2
102-55	GRI Content Index	Annexes	70-77
102-56	External verification	No current external verification of the Sustainability Report. In future years this will be considered	



Financial content

201. Economic performance

GRI standard	Description of the indicator	Comments	Reference in the report
103	Management approach	Letter from the CEO	11-13
201-1	Direct economic value generated and distributed	About the Dynasol Group	17
201-4	Financial assistance received from the government	About the Dynasol Group	17

204. Procurement practices

GRI standard	Description of the indicator	Comments	Reference in the report
103	Management approach		11-13, 40
204-1	Proportion of expenditure on local suppliers		40

205. Anti-corruption

GRI standard	Description of the indicator	Comments	Reference in the report
103	Management approach		11-13, 43-47
205-2	Communication and training on anti-corruption policies and procedures		43-47



Environment

302. Energy

GRI standard	Description of the indicator	Comments	Reference in the report
103	Management approach		38
302-1	Energy consumption within the organization		39
302-4	Reduction of energy consumption		38-39

303. Water and effluents

GRI standard	Description of the indicator	Comments	Reference in the report
103	Management approach		33-34
303-3	Water withdrawal		33
303-4	Wastewater discharge		34

305. Emissions

GRI standard	Description of the indicator	Comments	Reference in the report
103	Management approach		35-37
305-1	Direct GHG emissions (Scope 1)		35
305-2	Direct GHG emissions from energy generation (Scope 2)		35
305-5	Reduction of GHG emissions		36-37

306. Effluents and waste

GRI standard	Description of the indicator	Comments	Reference in the report
103	Management approach		33-34
306-1	Discharge of water according to its quality and destination		34

