



# **SUSTAINABILITY REPORT**

NON- FINANCIAL INFORMATION  
STATEMENT F19

**maxam**  
Beyond Performance

This non-financial information statement is part of MAXAMCorp Holding's consolidated Management Report for the 2019 fiscal year (hereinafter, F19), from 1 April 2018 to 31 March 2019. It includes the information required to understand the impact of the Company's activity on value creation for stakeholders, detailing the actions taken during the year on environmental, social and employee issues. This is a report guided by the GRI Standards, in response to Act 11/2018 on Non-Financial Information.



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## **MESSAGE FROM THE CHAIRMAN & CEO**

Dear Reader,

The fiscal year ending March 2019 was marked by several months of political and economic difficulties, by a context of demand-side containment stemming from tightened financial conditions and by growing volatility in the energy and commodities markets.

In this context, MAXAM has responded by continuing to offer customers ever more sophisticated solutions in terms of productivity, safety and environmental care, deploying its activity globally. Based on its geographical diversification, financial soundness and the quality and experience of its exceptional team, MAXAM strives to be nearer to customers every day.

The period has been marked by more competitive products and services as a result of the efficiency measures adopted in previous years and also as a result of constant investment in innovation and improving processes. The Terra Solutions Business Unit has signed or extended more than 20 contracts worldwide and has consolidated its presence in key countries for mining, such as the Chilean market. And this has been possible thanks to the joint effort of each and every one of the people who make up MAXAM.

However, this year has also been a difficult one due to the fatal accident that occurred in November at our factory in Wano, Germany, where unfortunately we lost a colleague. MAXAM works to create and maintain a robust health and safety culture; and news such as the fatality at Wano is a harsh reminder of the importance of never letting your guard down. Maintaining a safe work environment must be our main concern, ensuring that each and every employee returns safely to their home every day.

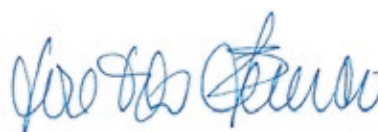
MAXAM takes care of its professionals because it has the best. Attracting and developing talent is the basic pillar of effective management. It is the foundation on which the Company's future is based and, in order to continue to grow,

MAXAM provides its teams with quality training, recognizes their achievements and fosters a work environment structured around safety and well-being.

This is how the Company can meet the expectations of customers around the world and evolve with them, in a constant commitment to quality understood in its broadest sense. MAXAM has therefore learned to integrate ethical and environmental concerns into its decisions, together with commercial, financial or technical concerns, so as to offer cross-sectional and long-term solutions.

With this vision, MAXAM is looking at its activity today from the threefold perspective of environmental, economic and social sustainability, confident in the wisdom of working to "leave no one behind", as underlined in the UN 2030 Agenda. Beyond its activity, MAXAM's commitment to the communities in which the Company lives and operates is complemented by the activity it carries out with different local organizations and through the MAXAM Foundation, which focuses on promoting education and culture.

I can only invite you to delve into the pages of this sustainability report to discover what MAXAM is today, the challenges and achievements of this fiscal year and the projects that will come true in the near future. Thank you very much to everyone who makes this possible every day.



**José F. Sánchez-Junco**  
Chairman & CEO





# 1 MAXAM TODAY

## Who we are

MAXAM is a global technology company specializing in the design, development, manufacture and application of energetic materials<sup>(1)</sup>, where the different Business Units pool their knowledge and experience to more efficiently meet customers', shareholders' and other stakeholders' expectations to create sustainable competitive advantages.

(1) Energetic materials are substances or mixtures that react chemically, releasing energy that can be applied in many products through combustion, propulsion and detonation processes.



EMPLOYEES

6,645



50 nationalities



4 Business Units



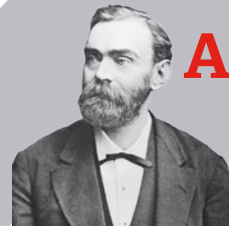
80 industrial facilities



52 countries

5 continents

Company founded  
in 1872 by



**ALFRED  
NOBEL**



ECONOMIC VALUE  
GENERATED

**€1,128.7 MILLION**

ECONOMIC VALUE  
DISTRIBUTED

**€1,074.8 MILLION**



TALENT

MAXAM UNIVERSITY

**2,050** users

**10,300** annual accesses

YESS PROGRAM

**123** participants

**18** nationalities

LEADING IN MAXAM

**280** participants

**87%** recommendation

ENVIRONMENTAL  
IMPROVEMENTS



**€2  
MILLION**

WATER  
CONSUMPTION



**-12 %**

WASTE  
GENERATED



**-25 %**



INVESTMENT INTO  
SOCIAL  
PROJECTS

**€42,054**

SAFETY

**-11 % TRCR**

(Total Recordable Case Rate)



PURCHASES FROM  
EXTERNAL SUPPLIERS

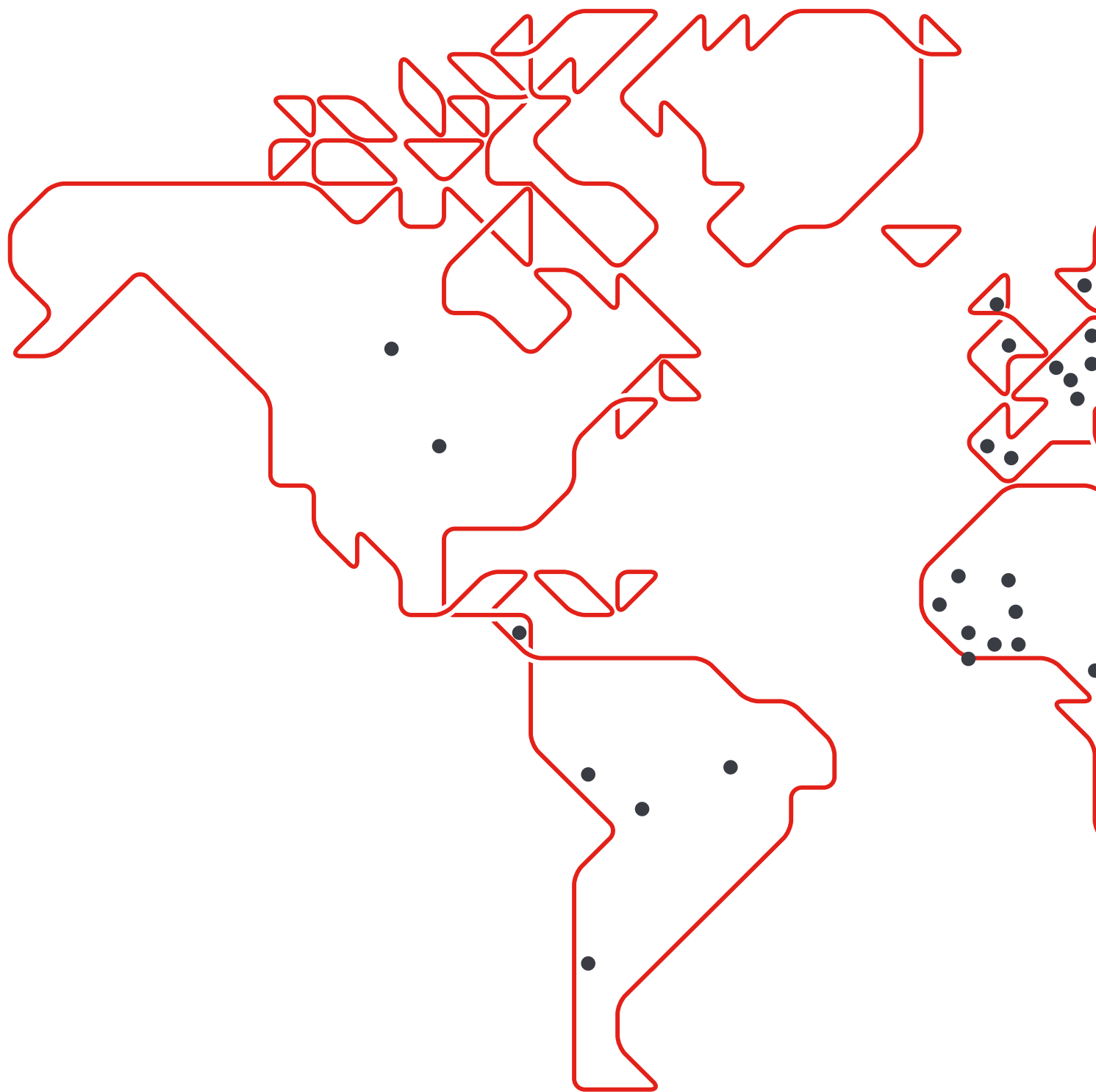


**€740.8  
MILLION  
(+9%)**

NUMBER OF  
SUPPLIERS



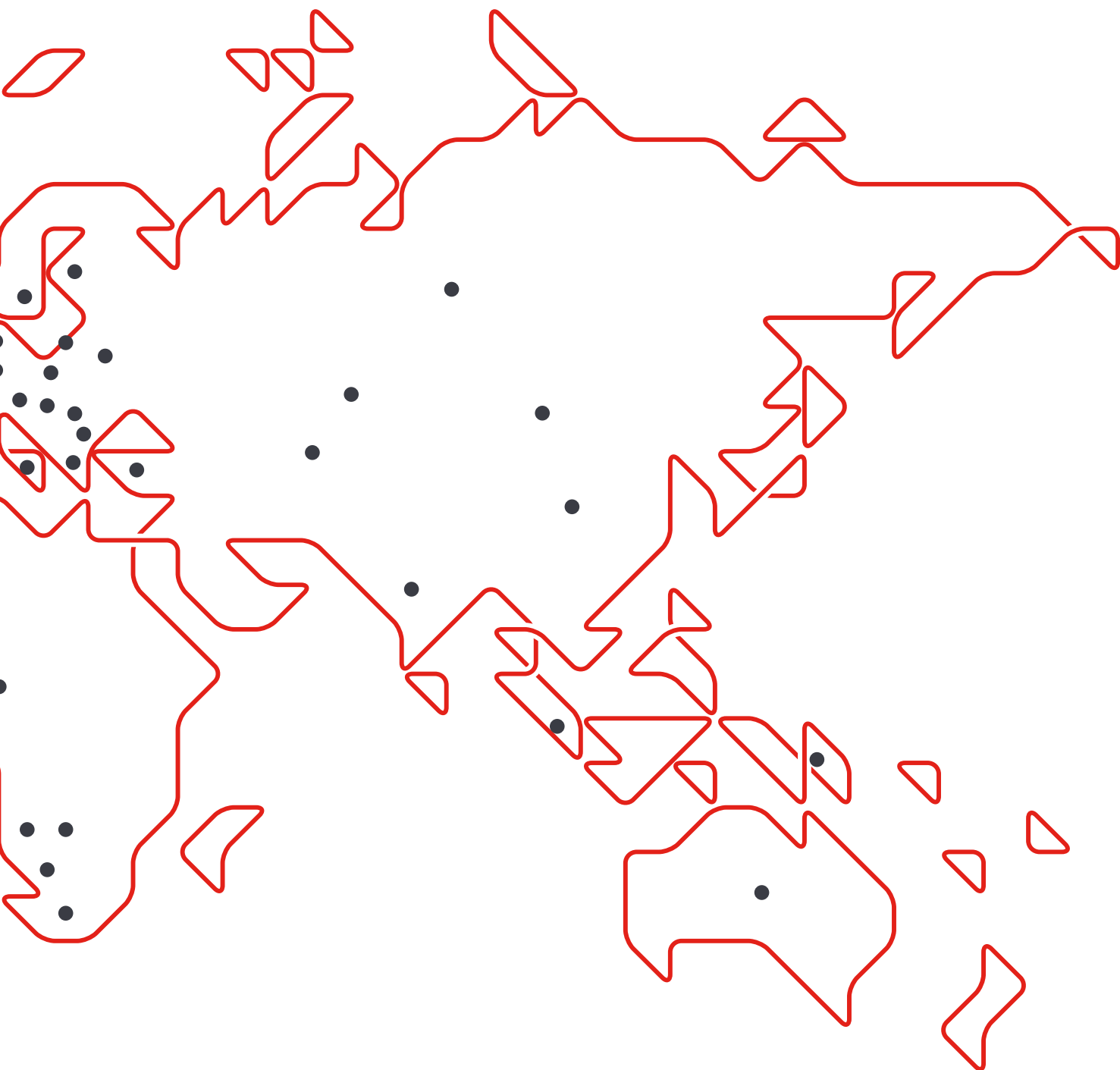
**+15,000**



## Where we are

Angola  
Australia  
Austria  
Belarus  
Belgium  
Bolivia  
Brazil  
Bulgaria  
Burkina Faso  
Cameroon  
Canada





Chile  
China  
Côte d'Ivoire  
Croatia  
Denmark  
Finland  
France  
Germany  
Ghana  
Greece  
Guinea

Hungary  
India  
Ireland  
Italy  
Kazakhstan  
Liberia  
Luxembourg  
Mali  
Mauritania  
Mongolia  
Namibia

Norway  
Panama  
Papua New Guinea  
Peru  
Poland  
Portugal  
Romania  
Russia  
Senegal  
Singapore

South Africa  
Spain  
Sweden  
Switzerland  
Turkey  
United Kingdom  
United States  
Uzbekistan  
Zambia

## What we do

The Company structures its activity into four Business Units:

### TERRA SOLUTIONS (TS)

Blasting solutions for mining, quarries and civil works.

Subsidiaries in more than 50 countries.

#### ACTIVITY

Technical and blasting solutions for mining, quarries, infrastructure construction, seismic campaigns and special applications around the world.

Development, manufacture, distribution and application of a full range of solutions, including explosives and initiation systems.

Differentiating technology: RIOFLEX™.

Specific value-added proposal for the site.

Focus on reducing the total operating cost.

#### MILESTONES AND PERFORMANCE F19

##### Milestones

- Signing and/or extending more than 20 new international contracts.
- Presence on the Chilean market consolidated: three years of successful operations, with additional investments in manufacturing and Ammonium Nitrate (AN) storage.

##### Performance

- Improvements in safety, exceeding objectives proposed for F19.
- Deployment of key business processes (KBP) in the Business Unit, to ensure effectiveness and efficiency and to transmit the value proposition to customers.
- Deployment of the solution model that reflects a strong commitment to technology, in the product and in all its processes, implementing it globally. New developments with RIOFLEX™ and the new MSU generation (product-loading trucks in operations).



## OUTDOORS (OU)

Cartridges and gunpowder for use in hunting and sport shooting.

Products distributed in more than 100 countries.

### ACTIVITY

Cartridges and gunpowder for use in hunting and sport shooting.

Reliable, high-performance ammunition.

Integrated production line.

Demanding technical specifications.

### MILESTONES AND PERFORMANCE F19

#### Milestones

- Launch of 4 new products, including sustainable profile cartridges (steel replacing lead and degradable and compostable hydro plug).
- Silver award for the best hunting cartridge on the British market: *UK Shooting Awards*.

#### Performance

- Significant successes in the sponsorship program for highly competitive shooters.
- New digital tools for managing internal processes and sales.
- Consolidation of the launch of the new image for the SAGA trademark.

## DEFENSE (DE)

Products and systems for the defense and security sector.

Operating systems in more than 60 countries.

### ACTIVITY

Products and services for the defense and security sector, through the defense Business Unit: EXPAL.

Wide range of solutions for maintaining and improving the Armed Forces' operational capabilities.

R&D+i and proprietary technologies.

Management of the complete life cycle of defense systems.

Rigorous control of and compliance with export authorization, the MAXAM group's corporate procedures and its Code of Ethics.

### MILESTONES AND PERFORMANCE F19

#### Milestones

- First contract for the supply of 155mm high-performance ammunition for the Spanish Army; a product developed pursuant to a framework agreement with the Ministry of Defense.
- Commercial agreement signed with Navantia for the Spanish Army's 8x8 vehicle modernization program.
- Selection by the Ministry of Defense for the research and development program for a guidance system for 120 mm and 155 mm ammunition.

#### Performance

- Increased presence in OECD and NATO countries.
- Opening of 2 new OECD markets: Switzerland and South Korea.
- Consolidation as a company specializing in indirect fire support solutions: development and launch of improvements to sea and land mortar systems.
- Completion of the development and demonstration of Deployable Area Control System.
- Development of aerial armament integration services on the Eurofighter platform.
- Consolidation of all EXPAL USA production lines.



## CHEM (CH)

Production of key raw materials in chemical nitro activity.

Focus on internal requirements.

### ACTIVITY

Key raw materials in MAXAM's business activity: ammonium nitrate, nitrocellulose and nitric acid.

Expertise and continuous effort in R&D and innovation.

Extensive production and distribution capacity.

ISO quality standards.

State-of-the-art technological equipment.

### MILESTONES AND PERFORMANCE F19

#### Milestones

- Relevant investment into strengthening products derived from nitrogen in the Nitricomax plant.
- With the support of the subsidiary Manuco (Bergerac, France), focused on producing energetic nitrocellulose, the organization of the 8th International Energetic Nitrocellulose Symposium, bringing together 150 world experts from the defense, outdoors and explosives for civil use sector.
- Contracts concluded with large oil companies through Cetpro, a subsidiary focused on producing cetane index improver.
- The Chem Business Unit has been integrated in the Terra Solutions Business Unit since September 2018.

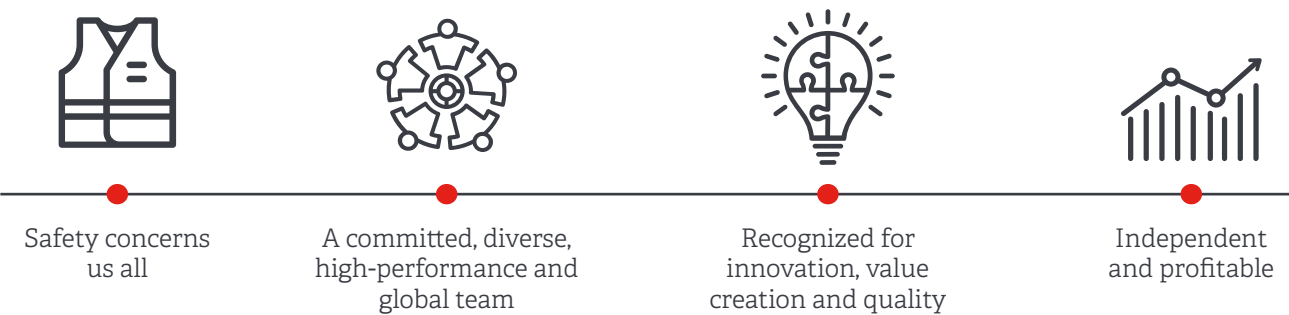
#### Performance

- Increasing integration in the value chain through essential raw materials for the Company.
- Commercial repositioning of Manuco, with a commitment to increasing its reputation as a global supplier specializing in energy nitrocellulose.
- Increased market share in the large oil client segment through Cetpro.



# Our values

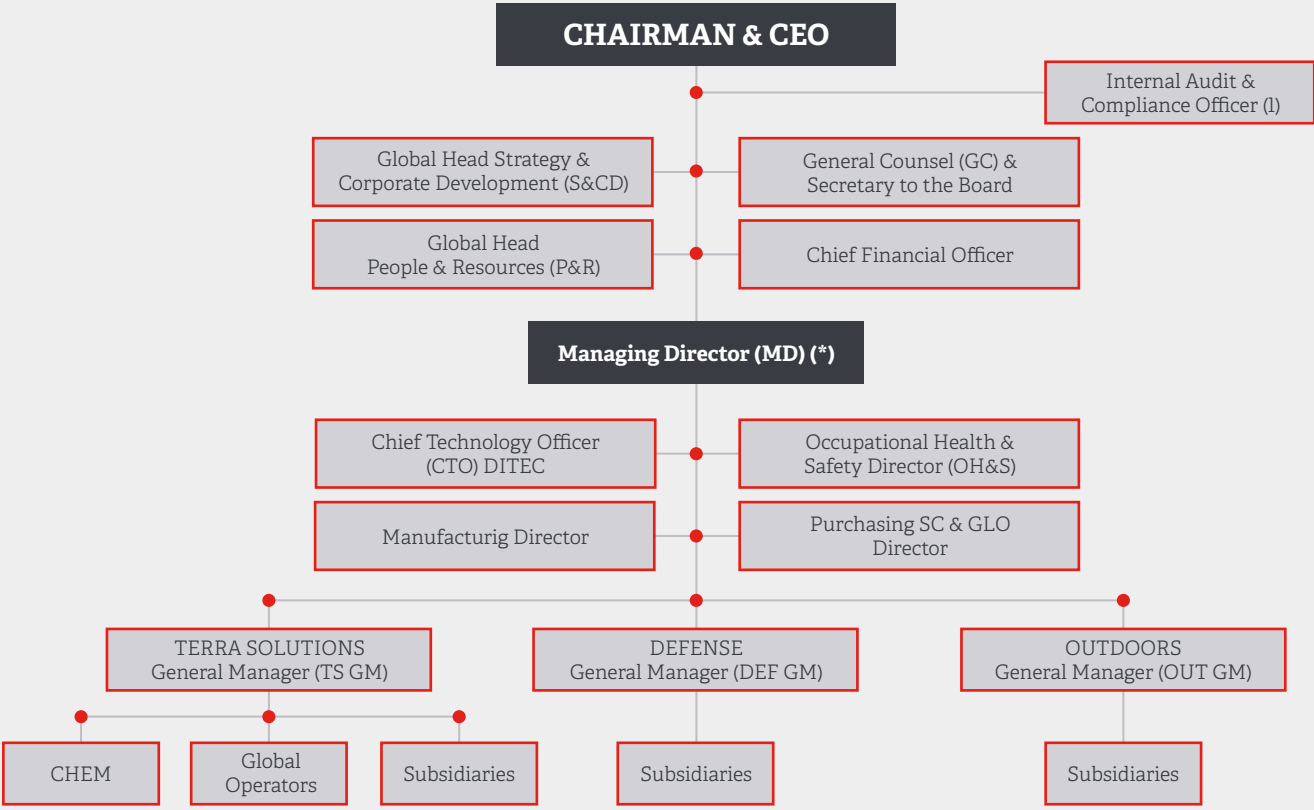
MAXAM's values describe the corporate culture and guide the organization's behavior:



# Organizational structure

MAXAM has a solid corporate structure that guarantees action aimed at achieving financial and non-financial objectives, to ensure the Company's continuity and sustainability in the long term. The organizational model is also structured taking into account the Business Units described above, which manage the Company's geographical roll-out.

The Management Committee supports the Chairman & CEO in managing, analyzing and studying all matters relevant to the organization's smooth operation.



(I) Reports directly to the Audit Committee (\*) Responsibilities assumed by the CEO since September 2018



- MAXAM is a global technology company specializing in the design, development, manufacture and application of energetic materials.



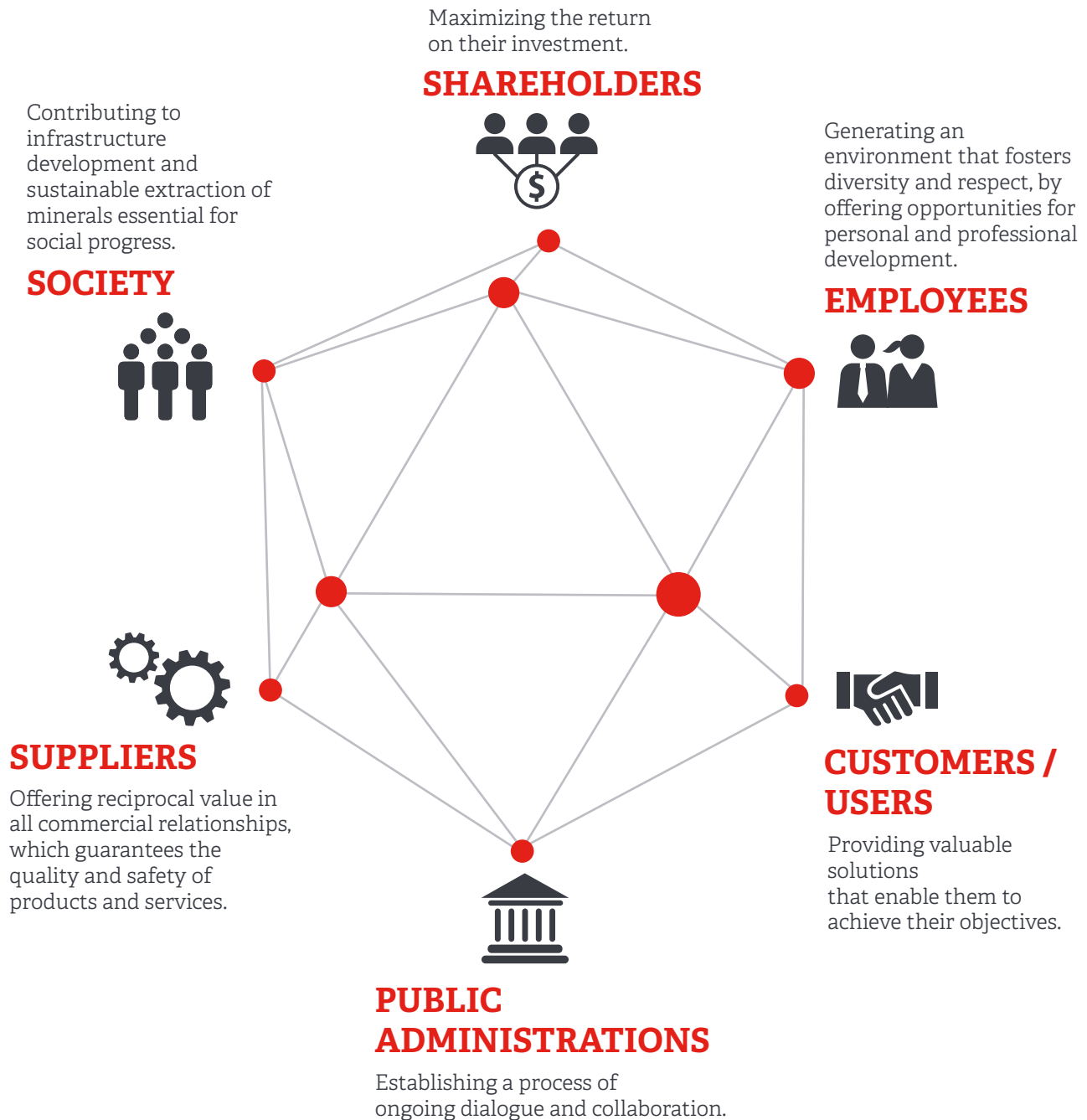
# 2

## GENERATING VALUE IN THE LONG TERM

Through its activity, MAXAM seeks to create value for its stakeholders in all markets in which the Company operates.

# Stakeholders

How MAXAM contributes to creating value for stakeholders:



MAXAM's relationship with its stakeholders is continuous and ongoing, depending on the needs and interests of both parties.



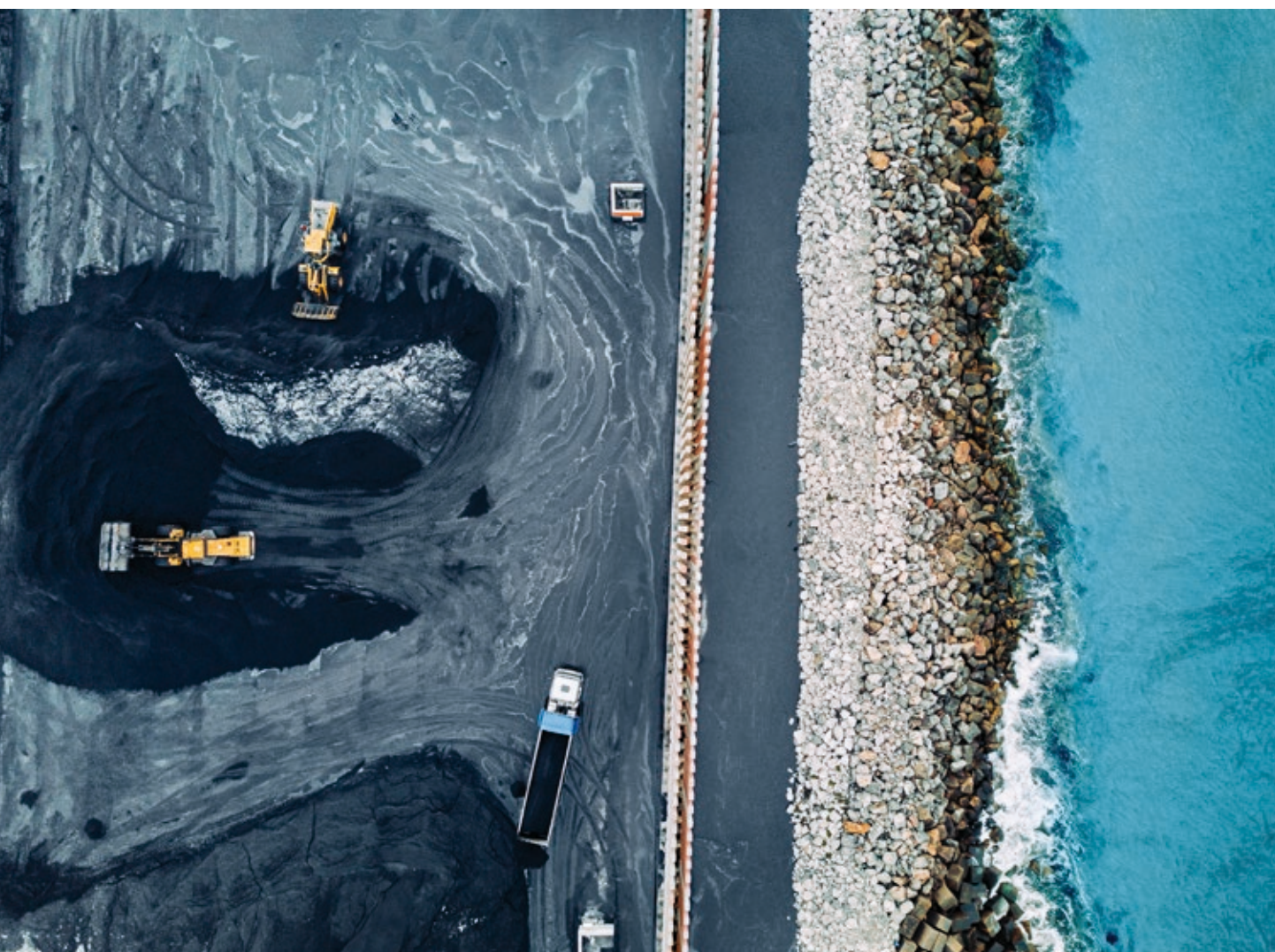
## Our context

At the end of 2018, the world's economic situation was subject to uncertainty, aggravated by more difficult financial conditions on a global scale and growing barriers to international trade. This uncertainty was linked to the geopolitical instability that is perpetuated in certain regions of the planet.

In Europe, the United Kingdom's exit from the European Union was not consolidated at the end of March, which makes it difficult to predict the near future and increases the chances of a "no-deal Brexit" that would be very harmful for all parties involved.

The expansionary measures announced by the ECB and the publication of macroeconomic indicators for the Eurozone that are less favorable than expected have bolstered the price of the

dollar against the euro in the first quarter of 2019, thereby maintaining the trend that began in October 2018. On the commodity markets, some price stability has been observed, in a climate of deflation that could continue in 2019. Crude oil prices, meanwhile, after peaking in October 2018, fell substantially as a result of a slowdown in demand combined with notable and unexpected growth in production levels, especially in the USA. This drop has especially been transferred to the markets for oil products and also for natural gas, the energy source used by some MAXAM plants.



Clear trends have also been identified in the business environment in each of the Company's Business Units.

	TRENDS IN THE SECTOR	THE COMPANY'S DEVELOPMENT LINES
<b>TERRA SOLUTIONS</b>	<p>Environmental regulation and customers' demands for sustainability are increasing, and sustainability is already considered a strategic asset.</p> <p>The consensus on the current momentum in the commodity cycle points towards sustained growth in production volumes:</p> <ul style="list-style-type: none"> <li>• Correlation with GDP and population growth.</li> <li>• CAPEX increase by mining companies at levels prior to the global recession (2008-2011).</li> <li>• Mining companies seek intensely significant improvements in terms of efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>• Technological solutions that provide added value to customers in safety, environmental conservation, efficiency and productivity.</li> <li>• Continuous improvement of the supply chain to ensure global coverage for operations at a competitive price.</li> <li>• Development of an effective Nitrate supply chain strategy Ammonia (NA) as a competitive advantage for MAXAM and its customers.</li> </ul>
<b>OUTDOORS</b>	<p>New regulations on waste and lead have been drafted.</p> <p>There is increasing regulation on hunting (especially in Europe).</p> <p>Uncertainties in the market (Brexit, USA).</p>	<ul style="list-style-type: none"> <li>• Promotion of products with a sustainable profile.</li> <li>• Optimization of the production and supply chain to guarantee efficient global reach.</li> </ul>
<b>DEFENSE</b>	<p>There is clear uncertainty about the geopolitical situation in Middle East.</p>	<ul style="list-style-type: none"> <li>• Greater cooperation with companies in the sector.</li> <li>• Development of market position the US market.</li> </ul>
<b>CHEM</b>	<p>Increasing environmental regulations and changing market dynamics are being observed.</p>	<ul style="list-style-type: none"> <li>• Significant sustained investments (a high percentage of CAPEX) dedicated to guaranteeing sustainability, particularly environmental sustainability.</li> <li>• Adjust the Company's positioning to meet market needs.</li> </ul>

## Risk-management tools

The global nature of MAXAM's activities means that the Company is subject to various kinds of risks that are closely related to the businesses and sectors in which it operates. MAXAM considers as relevant the risks that could jeopardize the

economic profitability of its activity or the financial solvency of the Company or of the Group as a whole or also the corporate reputation and the integrity of its employees. These include:



In general, MAXAM has insurance policies and control systems designed for the effective identification, assessment, measurement, minimization and prioritization of risks. These systems generate sufficient reliable information so that the different units and bodies with responsibility for risk management can decide on a case-by-case basis whether these risks are to be assumed under controlled conditions, to be mitigated or prevented.

The MAXAM<sup>1</sup> Board of Directors exercises control over risk by taking the following actions:

1. Corporate policies and procedures that apply throughout the corporation.
2. Specialized supervision by the Audit Committee, the expert body of the Board that is entrusted with this task.

3. Access to relevant information on these matters through the established information channels is guaranteed:

- a. Monthly report from the CFO (economic and financial area).
- b. Quarterly report from the Chairman of the Audit Committee (on financial and accounting, environmental and health and safety risks).

4. Analyzing information and proposals formulated on these matters by Senior Management.

5. Setting management indicators and improvement objectives.

6. Conducting a continuous comparison with similar companies in the sector.

7. Adopting appropriate agreements.

(1) MAXAM's governance structure can be consulted in the "Good Governance" section of this report.



In terms of risk management, it must also be kept in mind that MAXAM's business areas are subject to specific, demanding and intense legislation in all countries, and that compliance with this legislation is diligently monitored. Given the growing sensitivity in some areas, customers and investors also impose their own requirements on the Company.

As a company based in the European Union, it should be noted that the high demands of European legislation in the chemical and defense sectors places the Company in a leading position in comparison with competitors from other geographical areas.

MAXAM's different Business Units are subject to specific challenges, related to their activity and the environment in which they operate, including:

Digital transformation: more and more companies are aware of its importance in transforming knowledge into value.

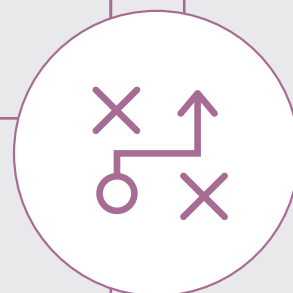
In the defense area, the risks are mainly located in the Middle East, including Turkey, given the current instability. However, exports of defense equipment require authorization from the Spanish Government, which guarantees strict control and observance of the restrictions existing in this field at all times.

The increasing regulation of lead and plastic obliges manufacturers to adapt the production process to alternative materials, whose price cannot always be passed on to the customer.

Among environmental issues, preventing pollution and reducing emissions is increasingly important to customers and investors. There is also social pressure on some customers in the mining sector, although the increasing regulation in all countries is considerably reducing the risks in this regard. MAXAM does not operate in informal environments, so its relationship with mining customers and mining suppliers are always conducted in accordance with regulations.

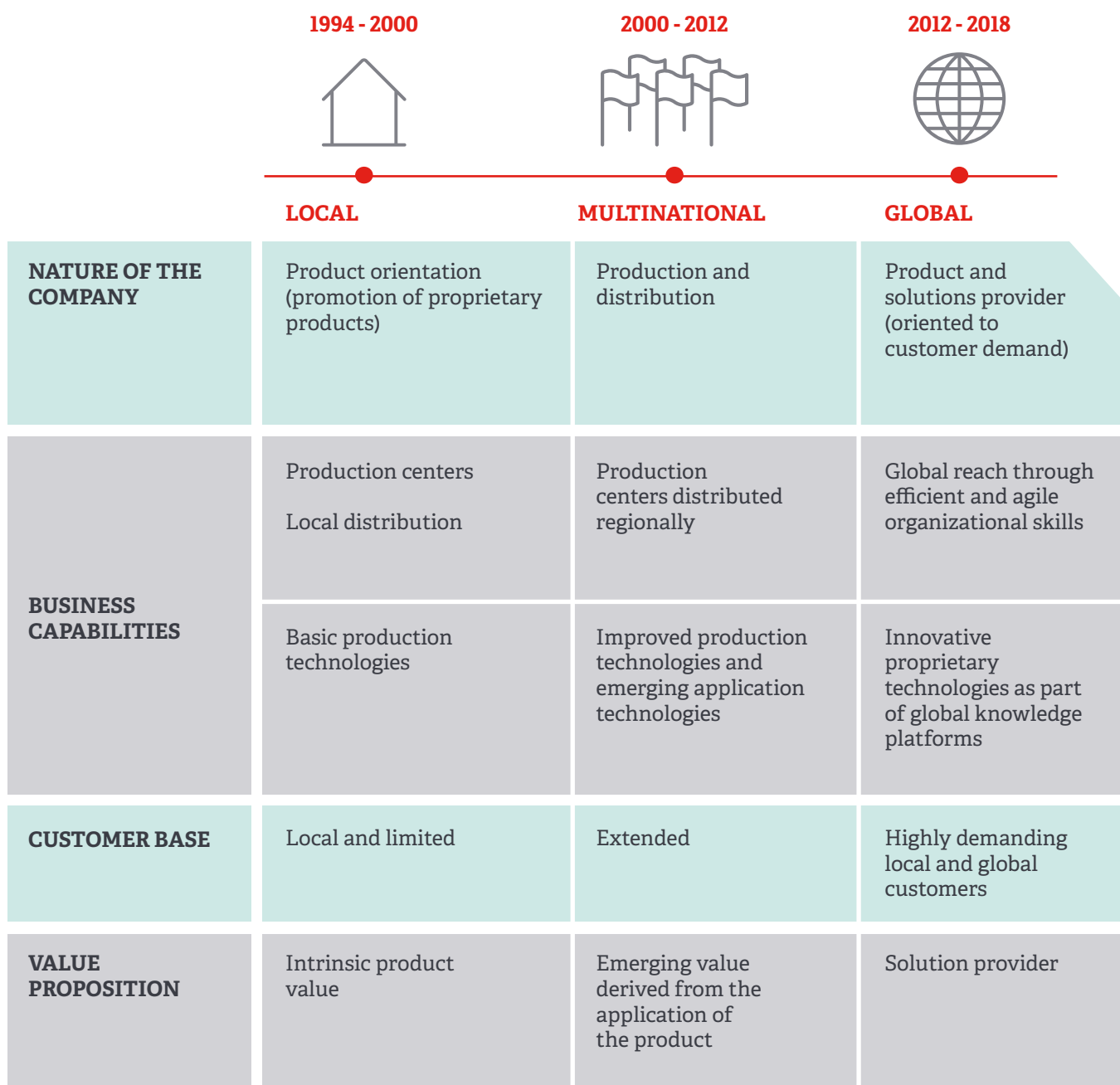
Regulation of the practice of hunting and possession of weapons varies across countries according to the social and political framework in force at any given time.

In relation to Brexit, current intra-Community sales in the United Kingdom could evolve towards non-EU countries.



## Corporate strategy

In recent years, MAXAM has undergone a profound transformation from a Spanish company focused on manufacturing explosives to a global technology solutions provider.



MAXAM's strategy is based on four pillars:



**An advanced technology platform, source of competitive advantages.**



**HR management that promotes diversity, talent development, commitment and high performance.**



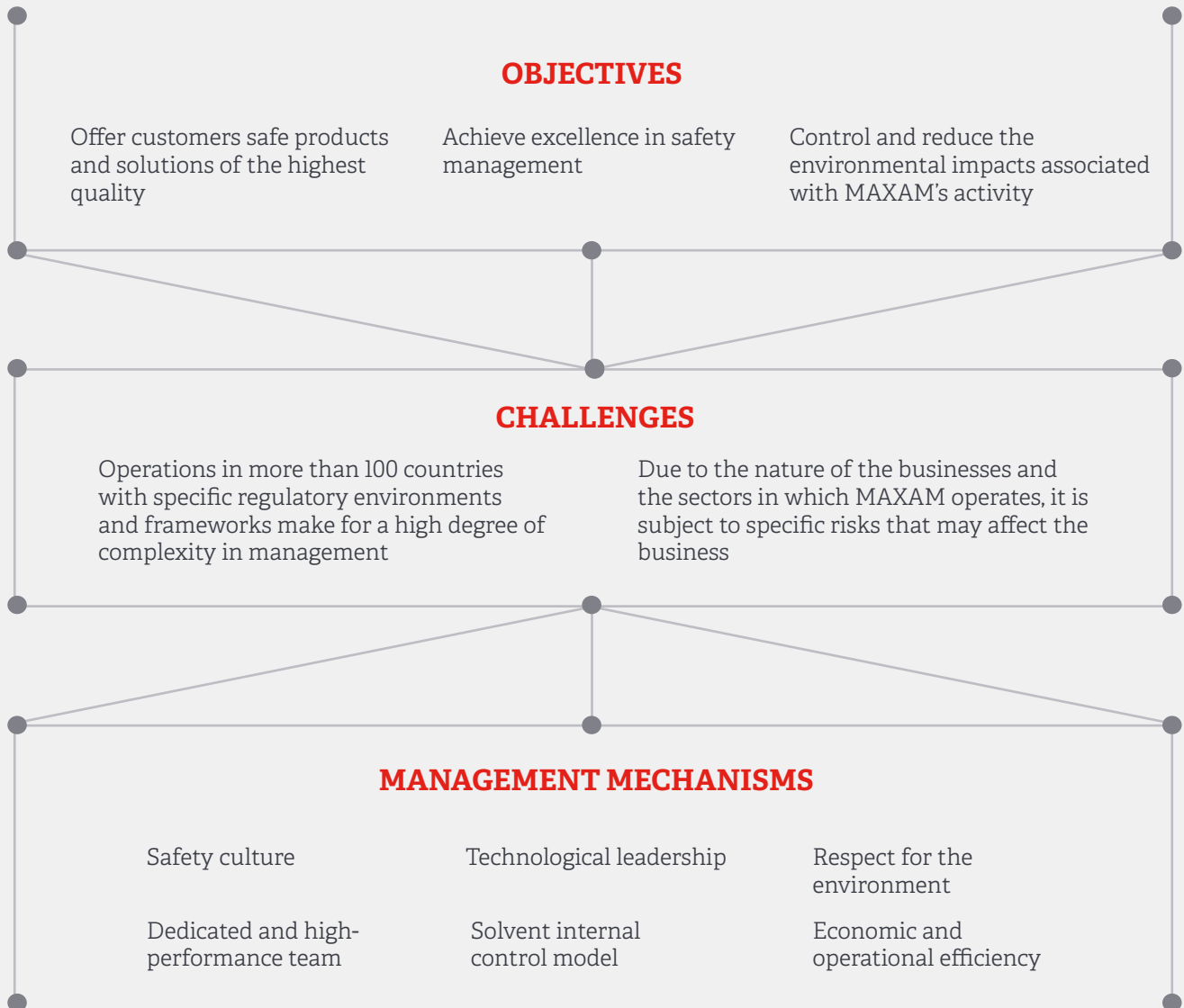
**Excellent global management systems.**



**Corporate policies and processes aligned with the Company's strategic plan.**

The Company strives at all times to generate of sustainable value, with a fundamental focus on occupational health and safety, quality, the environment and maintaining the highest ethical standards.

MAXAM responds to customers' and shareholders' expectations and has the resources and capabilities needed to address the risks and challenges posed for a global company today. An ecosystem that is summarized in the following table:



## Technology, the source of competitive advantages

Technology is a strategic lever of MAXAM's activity, a transversal lever that acts on all Business Units as a source of competitive advantages.

The way that MAXAM has decided to manage technology responds to its very nature as a company: global, integrated and diversified. This has enabled the Company to develop knowledge economies and configure its Energetic

Materials Technology Platform as a source of competitive advantages that make MAXAM a leader.

The corporate technology policy was revised in F19, ensuring that the technological model enables fast adaptation to the market, with the customer as the fundamental focus over the course of the entire innovation process.



## New corporate technology policy

MAXAM's technology policy applies to all work centers in all of MAXAM's subsidiaries and in each of the Company's Business Units.

It is based on seven key principles:

### Technology as a value

The proprietary technologies and the knowledge associated with energetic materials are key factors in MAXAM's business strategy, since they are a source of competitiveness and independence.

Technology is used to add value to the business, which can be measured in five dimensions: Occupational Hazard Prevention, Environment, Quality, Knowledge and Productivity.

### Technology Platform

The strategic technologies, a source of competitiveness for MAXAM, are developed through the Energetic Materials Technology Platform, which is organized into five technological families: Bulk explosives, cartridges, initiation systems, chemicals and propellants.

The products, systems, services and solutions that the Company develops also require the incorporation of complementary technologies for a value proposition aimed at customers. These complementary technologies are guided by a governance model determined by Technology Management in collaboration with the Business Units that require it.

### Comprehensive management

Ultimately, the Chairman & CEO oversees technology management and preservation through the Technology Directorate. The governance model includes two fundamental bodies: the Corporate Technology Committee (TECOM) and the Technological Management Committee (GESTEC).

### Source of competitiveness and independence

Through technology platforms, MAXAM implements management and organizational mechanisms to ensure that its knowledge and experience give rise to innovation, thus generating competitive advantages and value propositions for customers.

### Market approach

MAXAM's value propositions are channeled through the Business Units and their subsidiaries to meet customers' needs.

### Ownership, preservation and sustainability

As a general rule, MAXAMCorp Holding SL is the owner of the Company's strategic technologies (as well as any intellectual or industrial property rights that may be generated as a result). MAXAM's policy is not to license or transfer strategic technologies to enterprises that are not part of the Company.

The preservation of technology is structured around the following aspects: industrial and intellectual property rights, confidentiality, databases and industrial cybersecurity.

A technical roadmap is established within the Company as a conceptual framework to ensure the acquisition and preservation of the talent and knowledge necessary to generate value in accordance with the Company's strategy.

### Compliance with the applicable standards and regulations

In all the countries in which it operates, MAXAM's business activity is based on compliance with local legislation.

- In F19, and in collaboration with the University of Cambridge, MAXAM has worked on developing SuVa, a proprietary methodology that enables it to measure the sustainable value of its innovation.



## Measuring the sustainable value of innovation (SuVa)

During F19, work has been done on developing its own methodology for measuring the sustainable value of innovation: SuVa, aimed at guaranteeing that MAXAM's technology and innovation processes add value to the business in the 5 established dimensions (Safety, Environment, Quality, Knowledge and Productivity).

**This model has been defined in cooperation with the University of Cambridge and through co-creation with the TDTs (Technology Development Teams) for each of the five technological families that make up MAXAM's platform, involving up to a total of 13 innovation cells.**

This tool enables MAXAM to analyze and capture the value of innovation, taking into account:

- The explicit and implicit value inherent in the innovation in the cell in charge of development.
- Potential for capitalization of this innovation in other cells.
- The contribution of innovation to MAXAM's vision of itself as a technological, independent, profitable and global company.

Through the application of SuVa, innovation projects are prioritized according to the value that each of them generates, while at the same time repositioning or redirecting efforts within the projects that may require it, thus maximizing value creation and, as a result, increasing the Company's value.

As a challenge for the F20 fiscal year, the idea is to extend the model to the entire innovation ecosystem (46 cells and active working groups), as well as to expand the model to process innovation projects.

## Challenges for the future

The multiplicity of markets in which the Company operates represents a challenge for the technology sector. A challenge that ranges from being regulatory in nature to entailing the monitoring of customers' and investors' expectations.

On the one hand, the European Union's stringent regulation on environmental matters in general, and in the chemical and defense sectors in particular, provides incentive for constant

improvement in the search for sustainable solutions. The Company also operates in a segment where evolution has not ceased, and customer demand echoes this creative activity: more and more, the digital transformation of activities is linked to our businesses in the form of commercial solutions that make collective knowledge profitable. Co-creation with the customer is beginning to emerge as a growing trend for the coming years.





# 3

## GEARED TOWARDS SUSTAINABLE DEVELOPMENT

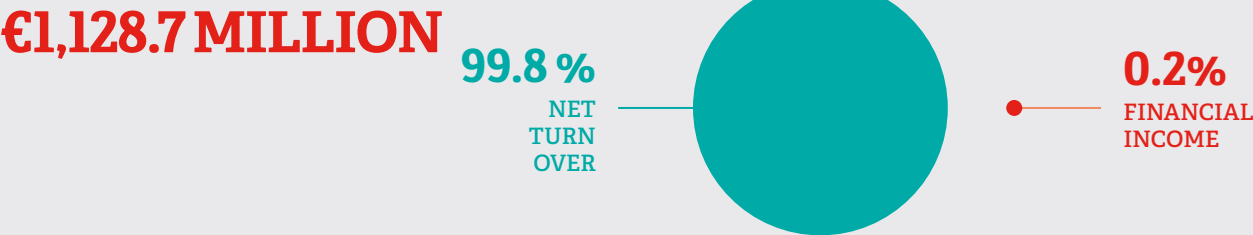
MAXAM has a clear commitment: that its contribution to the customers' value chain will lead to progress and sustainable development for the whole of society.

**The Company contributes to social development in the environments in which it carries out its operations in different ways:**

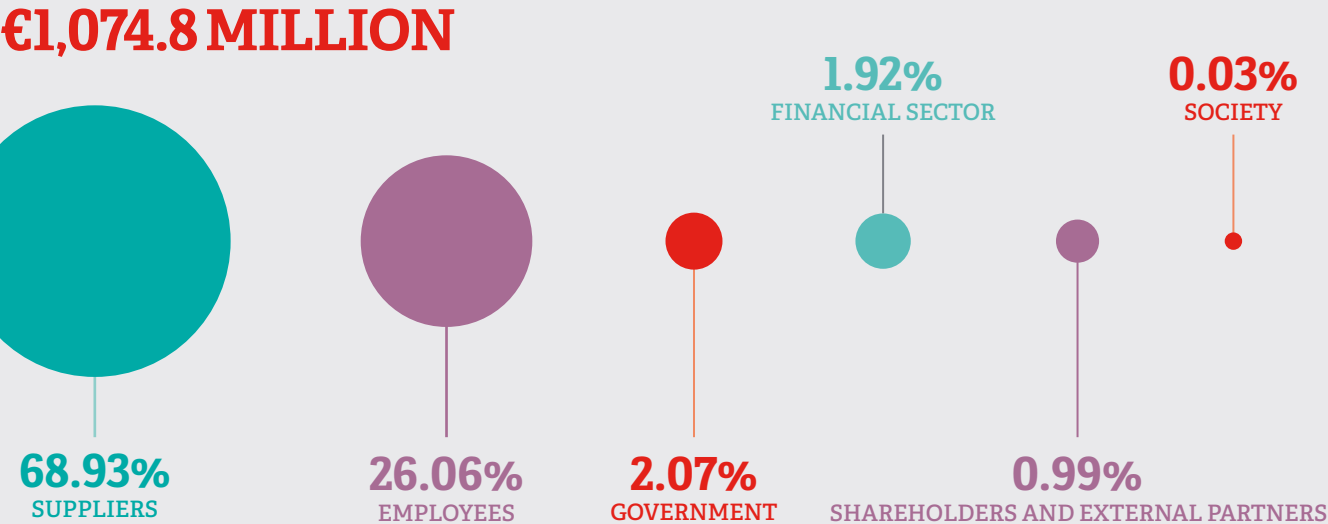
- 1** ● Promoting economic activity by establishing its production centers and its operations.
- 2** ● Contracting local suppliers and contractors.
- 3** ● Creating employment due to operations that it carries out in the territory.
- 4** ● Contributing by paying taxes and fees for its activity.
- 5** ● Supporting social projects for the benefit of local communities through MAXAM Foundation and the activities of the Company's subsidiaries on 5 continents.

**ECONOMIC VALUE GENERATED AND DISTRIBUTED  
(millions of euros)**

**ECONOMIC VALUE GENERATED**



**ECONOMIC VALUE DISTRIBUTED**





MAXAM has voluntarily adopted the 10 principles of the United Nations Global Compact and aligned its business objectives with its contribution to achieving the Sustainable Development Goals (SDGs), the UN 2030 Agenda, with a sustainable approach that combines economic performance, positive contribution to society and the 2030 Agenda, with its vocation of "Leave no one behind".<sup>1</sup>

## MAXAM CONTRIBUTES TO SUSTAINABLE DEVELOPMENT



MAXAM is also a signatory of the Responsible Care Global Charter, a global and voluntary initiative of the chemical sector for the continuous improvement of safety, health and environmental protection in all its operations in accordance with the principles of Sustainable Development and Corporate Social Responsibility<sup>2</sup>.

(1) See Appendix "MAXAM's contribution to the SDGs" for more information.

(2) Whose commitments can be consulted in Appendix IV, "Responsible Care Commitments" of this document.

**MAXAM's commitments are translated into:**



**Ethics and integrity in all relationships**



**A diverse, global and high-performance team**



**Safety and health as a way of life**



**Efficient quality and environmental management**



**Operational excellence and quality of service to customers**



**Social contribution in the communities in which we operate**

# Ethics and integrity in all relationships

MAXAM operates in a highly regulated environment, which limits human rights risks. In any case, the Company has strict mechanisms in place to ensure the ethics and integrity of all of its operations.





In 2018, the current Code of Ethics was reviewed, the Anti-Corruption Policy was updated and a Money Laundering Prevention Policy was introduced.

## Code of Ethics

MAXAM's Code of Ethics constitutes a self-regulation mechanism, which defines the essence of the Company's behavior and reflects the way in which decisions are made as individuals and as a Company. It applies to all MAXAM companies and all employees, directors and administrators.

Through the application of its Code of Ethics, MAXAM undertakes, among other things, to offer a safe and respectful work environment in which the principles of non-discrimination, equal opportunities and respect for Human Rights and Labor Rights, including freedom of association and the right to collective bargaining, prevail. It also totally prohibits child labor and condemns conduct that could represent discriminatory, abusive or abusive treatment based on race, color, age, gender, sexual orientation, ethnic identity, disability, religion, political affiliation or union membership, nationality or marital status or other similar factors.

## Money Laundering Prevention Policy

The Money Laundering Prevention Policy reinforces the commitment established in the Code of Ethics by means of a series of generally applicable and mandatory procedures. Principles based on due diligence are established in relation to:

- Risk analysis of any activity.
- Formal identification of all parties in business relations with the Company.
- Payment methods. Payments must be made through the banking system and using authorized methods.
- Detection of unusual transactions proposed by any third party.

These procedures are fully embedded in the Company's finance department; and they are further reinforced by increasing centralization of bank accounts at the corporate level.

## Anti-corruption policy

The Anti-corruption and Anti-bribery policy, which is mandatory for all companies, employees, directors and Board Members of MAXAM companies throughout the world, establishes the following basic principles:

- Compliance with anti-bribery measures and with measures related to gifts of courtesy, holding and attending events, as well as will legislation in force.
- Documenting, through a written agreement, the activities with third parties and respecting the principles of veracity, integrity and legality of the information held by the Company.
- Acting with responsibility, economy and efficiency in terms of controlling expenses, donations and charitable contributions.
- Not-interference and non-participation in the political processes of the countries in which MAXAM operates.
- Application of the existing regulations and the principles of merit and equal opportunities when hiring officials, senior management, employees and managers.

**The corporate anti-corruption and money laundering prevention policies and procedures seek to strengthen and standardize the Company's internal controls and processes on anti-corruption matters, thereby reducing the risk of fraud in the financial and accounting procedures carried out in the different activities.**

Risks relating to corruption in the Group are assessed through periodic internal audits and by implementing processes and procedures such as:

Centralization of the special contract process (among others, those contracts pertaining to the Defense Business Unit, those involving public entities or those that take place in countries identified as a risk area), in the case of customers as well as suppliers, agents and business partners.

Country risk assessment. In countries with a low score according to the Transparency International index (less than 30 out of 100) or in which other circumstances that increase risk exist (local or regional conflicts, security risk, etc.), the Company implements extraordinary control measures tailored to the specific case, such as greater supervision of Internal Auditing or strengthening administration and control through expatriate personnel.

## Ethics and Compliance Committee

The Compliance Officer and the Ethics and Compliance Committee (internal and permanent body constituted in 2015) jointly ensure the application of the Code and the dissemination of a preventive culture based on zero tolerance for perpetration any illegal or fraudulent act.

The Committee, made up of four permanent members and two non-permanent members, oversees the implementation and enforcement of the criminal risk prevention model and provides support to the Compliance Officer with his/her duties, as well as with the ongoing monitoring of procedures, rules, regulations and controls. It may also propose whatever measures it deems appropriate to ensure

compliance with the Code of Ethics and with MAXAM's objectives in this regard. At the same time, it is also in charge of resolving any disciplinary issues that may arise.

## Reporting channels

The Code of Ethics establishes the channels for reporting complaints (anonymous web channel - Speak Up -, telephone number, e-mail address) and the procedure to be followed in the event of detecting any breach. If the complaint is found to be plausible, the Ethics and Compliance Committee meets to conduct the corresponding investigation and take any disciplinary action that may be necessary.



- MAXAM's Code of Ethics constitutes a self-regulation mechanism, which defines the essence of the Company's behavior and reflects the way in which decisions are made as individuals and as a Company.

## Actions in the period

Over the course of F19, there were

# 127 proceedings, on COMPLIANCE

which may be classified as:

## 36 due diligences

made to potential customers, agents and partners

## 16 complaints

from various channels, all of which have been investigated. Three of the complaints received were submitted to the Ethics and Compliance Committee, which met twice during this period.

## 22 consultations

most of which requested guidelines for dealing with attendance at supplier events, donations, courtesy gifts, conflict of interest and relationships with members of the Administration.

## 42 requests

from banks, customers and insurance companies that requested information about MAXAM's policies on Compliance and Export Control, as well as other corporate policies.

## 11 face-to-face training courses

for various steering committees of the group and for various newly incorporated technicians and managers.

No reports have been registered (through "Speak-up" or through the complaint channel), nor has any episode of risk for Human Rights been identified in periodic internal audits.

## Implementation of corporate policies

In order to effectively implement and internalize the Code of Ethics and the Anti-Corruption and Money Laundering Prevention Policy, several training activities were held during F19 beginning with a risk analysis, which determined the type of employees with higher compliance risk. As a result of this analysis, classroom training has been provided for committee members, the directors of the Business Units and the Board of Directors.

Online training on the Code of Ethics was also carried out through the MAXAM University training platform, which was aimed at middle managers, technicians and workers who regularly deal with third parties.


In order to reach all other employees who do not have access to computers in their work area (factory employees), a printed version has also been published and translated into the corresponding languages so that everyone is aware of it.

At present, this new Code is still being fully disseminated and implemented.

# 1,407 employees

trained online in the  
Code of Ethics in F19



A photograph of three MAXAM team members on a ship. They are wearing white hard hats with the MAXAM logo and high-visibility yellow shirts. The man in the foreground is wearing sunglasses and a beard. The man in the middle is wearing safety glasses. The man in the background is also wearing a hard hat. They are all looking towards the right. The background shows the sea and a ship in the distance. The image is split vertically, with the left side showing the team and the right side showing a teal background with text.

## A diverse, global and high- performance team

MAXAM operates in a very specialized and competitive market, in an international context of complete digital disruption. To remain a leader in technology solutions and services, the management of its team of professionals must continuously adapt to and proactively address these challenges. The Human Resources staff at MAXAM therefore acts as a catalyst for cultural change and HR management.

The strategic pillars and implementing actions on which it is based are:

**1**

Developing talent as a global organization. MAXAM has 6,645 employees of 50 nationalities working in different Business Units and corporate areas. For MAXAM, diversity is a differential and competitive value and so MAXAM strives to have diverse teams (gender, ethnicity, education, etc.).

**2**

Promoting a high-performance organization that is highly dedicated at all levels.

**3**

Develop the necessary capabilities to guarantee current and future competitiveness: identify and develop critical skills.

**4**

Have a comprehensive Human Resources model that makes possible a unique experience for the employee. Treating the employee as a customer is the motto of MAXAM's Human Resources team, by designing its strategy of attraction, loyalty and skills building with an employee focus.

These elements are key in the business's short-term and long-term development given that the knowledge, skills and leadership necessary to propel MAXAM towards its strategic objectives are derived from them.



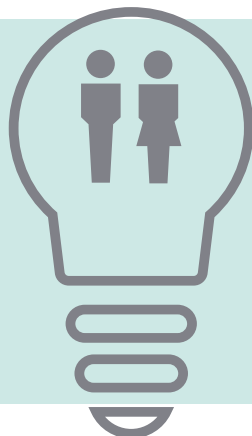


To implement these four pillars, MAXAM has a framework of comprehensive policies that provide a point of reference for all areas of employment: recruitment, training, compensation,

recognition and international mobility, pillars of comprehensive talent management which are applicable worldwide.

### At MAXAM we work on:

- Attracting and selecting the best talent
- Combining the Company's needs and with those of the employee in development programs



- Creating a culture that recognizes achievements
- Operating under a strict regulatory framework, favoring equal opportunities and work/life balance

### MAXAM attracts the best talent

MAXAM's Global Recruitment Policy, in addition to establishing the procedure to be followed for vacancies, guarantees fairness, transparency, agility, quality of the process and ensures that diverse profiles are incorporated into the organization.

The job portal (*MAXAM Career Opportunities Site*) is a fundamental tool for guaranteeing equal opportunities to access job openings, both internally and externally. It enables interaction with social networks and external digital selection portals, thus guaranteeing visibility and access to candidates worldwide, while positioning MAXAM's image and brand as a leading employer on the market.

### MAXAM Careers

MAXAM has adopted digital tools and technologies to attract and select the talent it needs at the right time.

Attracting and retaining the most suitable talent for MAXAM's strategic business objectives begins with a management model based on the quality of the process, the involvement of managers in decision-making and the best experience for the candidate. This is a digitized model adapted to the different levels of the organization and supported by MAXAM's skills set, which guarantees that profiles similar to the Company's culture are hired.

One of the Company's recruitment and selection tools is the MAXAM Careers portal ([www.maxam.net/en/careers](http://www.maxam.net/en/careers)), where all candidates worldwide can apply for all job opportunities. From this portal, candidates can access information about

the Company, apply on the recruitment platform and contact MAXAM directly.

The aim is to offer and guarantee the best possible experience for the candidate, by making the process dynamic, candidate-oriented and automated and supporting it with constant and fluid communication.

The link between MAXAM's career portal with its HR system guarantees a 100% digital process, which offers rigor, traceability, quality and data for continual improvement of processes, of the experience for the candidate and of the impact on the business.

MAXAM's careers portal also connects the Company with social networks and other external recruitment platforms such as LinkedIn, which strengthen MAXAM's footprint and impact as an employer, improving its attractiveness.

**Since the launch of the Career Opportunities Site in F18, more than 608 vacancies have been managed, with a substantial increase in the Company's database of candidates, now with more than 18,000 candidates. The use of social networks has also enabled MAXAM to have a total of 19,000 followers on social networks (LinkedIn), and maximized the Company's focus on the important opportunities and messages it wishes to share with current and prospective followers.**

## YESS & Internship Program

MAXAM has identified the segments and talent profiles that it needs in order to contribute to its business model and to the success of the Company.

Since it is a technological and innovative company, one of MAXAM's main objectives in attracting talent is young talent, and so MAXAM has developed several strategic programs focused on its most innovative technologies that rely on strategic relationships with the most relevant universities and business schools in Spain and abroad.

One of the most successful programs at attracting young talent, the YESS (Young Engineering Scholarship Students) Program, aims to ultimately attract, develop and train the best professionals in Mining and TAP (Technical Application Projects) from around the world. A total of 123 participants (Spanish, French, Chinese, Angolan, Mauritanian, Chilean and Turkish) have passed through this program and have received international assignments in 18 countries on 5 continents.

Another of the most strategic programs is the

Process Engineering Internship Program. This program already has been held 9 times with more than 60 participants: every year we collaborate with Chemical Process Engineering students from all over Spain to support their development by involving them in processes of innovation and continuous improvement.

## YOU

As part of its strategy to attract talent, MAXAM has developed an Employer Branding strategy. This strategy includes an imaginative and unique concept that encompasses MAXAM's image and represents the Company, as well as serving as a vehicle for all communications related to attracting and retaining internal and external talent.

The YOU concept represents and supports MAXAM in its objective of:

- Promoting values and competencies.
- Reaching a global audience with a unique impact.
- Accessing the greatest diversity of talent possible.



## MAXAM combines the needs of the Company and the employee's needs in its development programs

The Comprehensive Policy for Managing Training and Talent Development establishes an overall procedure to cover the training needs of all MAXAM professionals. The training and development lines are identified taking into account both the needs of the business and those of the Company's employees.

### Dialogues 4YOU

At MAXAM, employees participate in performance evaluations, Dialogues 4U, at all levels: from the Company's management to operational teams.

This Dialogues process is 100% digitized through the Xperience digital people management tool, and it aims to align the Company's strategic objectives with those of all employees, so that all people have a clear idea of their contribution to overall results.

It also enables employees to develop their skills and abilities, as it is linked to MAXAM's skills model, which in turn is based on the corporate values.

In this fiscal year, 1,340 employees held their Dialogues through Xperience; of these, 35% were middle management or senior management. The regional distribution of employees with Performance registered in Xperience is as follows:

Corporation	34%
Europe	42%
North America	6%
CIS	6%
LATAM	4%
West Africa	4%
Australia	2%
South Africa	2%

The remuneration plans are established based on the performance evaluations, since they are closely linked (Pay by Performance). The remuneration scheme has also been implemented in a uniform manner worldwide.

### Talent Review

MAXAM believes that everyone has talent to be developed; for this reason it has defined an annual identification process that provides visibility for this talent, as well as a method for linking it to the positions that are critical to the Company.

This process is transparent and is communicated to all employees by the Global Human Resources Directorate with the aim of encouraging them to share their career interests with their managers.

It is structured into sessions that involve all business and corporate areas, as well as the MAXAM Management Committee. The preparation of the information from these sessions is 100% digitized via Xperience and, after the corresponding sessions in the different Business Units and in the corporation, they are rounded off by the MAXAM's Management Committee.

In a second phase, specific plans are drawn up for individual development, tailored to each circumstance and focused on developing the skills and careers of each individual.

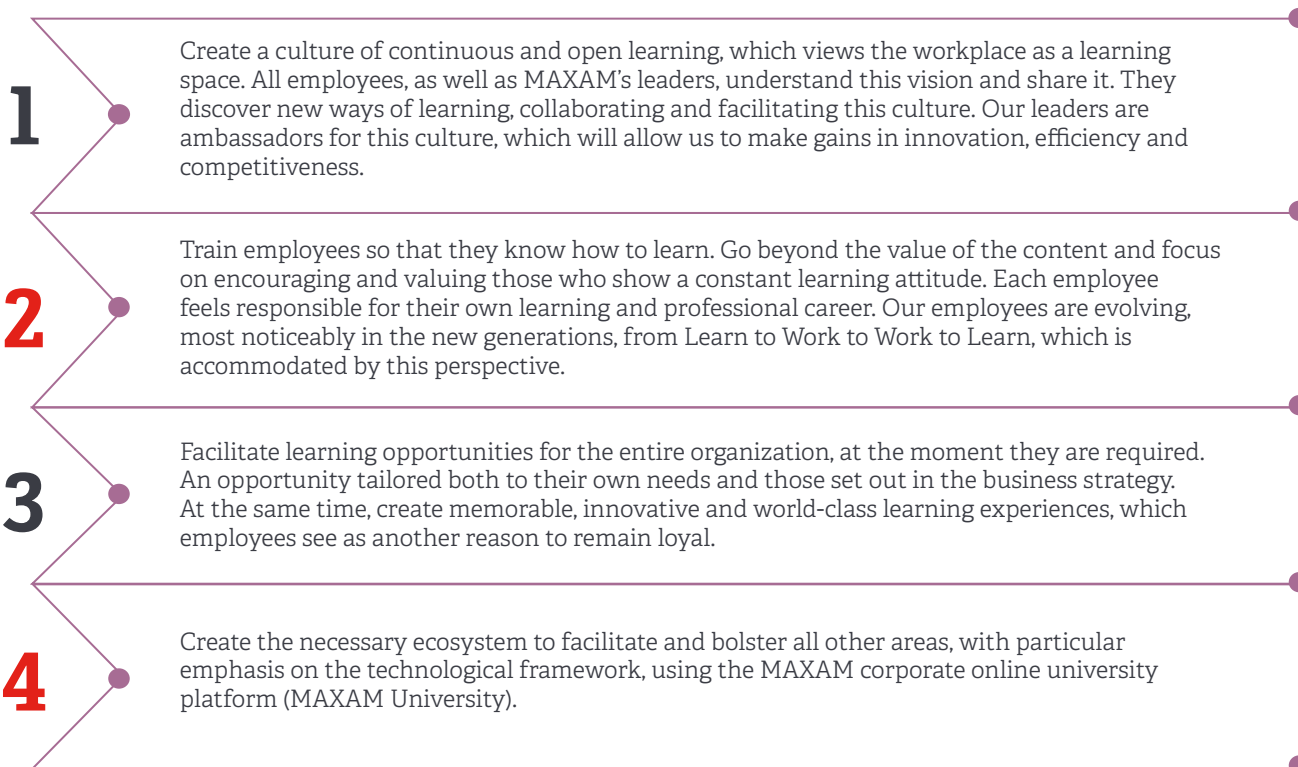
**In F19, a total of 600 professionals globally and 120 young talented people have been identified.**

## MAXAM, an organization that learns

As MAXAM transforms itself, the Training and Development department is also contributing to this transformation with its own strategy: to make the Company a Learning Organization. An organization where knowledge management helps to respond quickly to changes on the market and to forecast, prepare, be disruptive and position

MAXAM competitively on the market and in society. A learning organization generates innovation and efficiency, it is competitive, generates pride in belonging thus becoming a powerful tool for fostering the loyalty of talent.

MAXAM has based its strategy on 4 pillars:



## Leadership program

The *Leading in MAXAM* program responds to a clear business need: enhancing the role of the Company's leaders in defining and driving its transformation process towards a global technology company: leaders capable of empowering high-performance teams with a multicultural and global approach.

This program also helps to implement a homogeneous and consistent leadership style within the organization, key in achieving its business objectives.

It has a 100% multicultural and global focus, with participants from different nationalities, businesses and corporate areas. They are identified and prioritized through the Talent Management process and segmented by seniority level: Senior Managers, Middle Managers and First Line Managers.

*Leading in MAXAM* is a program that is fully integrated into the Company's business strategy. Not only does it develop leadership skills, but it

reinforces critical Finance, Marketing and Project Management content to strengthen the role of the leader in MAXAM's transformation process:

- Leadership Modules: experience-based training to enhance the leadership skills of the participants and develop a global mentality in a matrix structure.
- Business modules: where our leaders are provided with the financial, marketing and project management tools that they need, specifically adapted to MAXAM.
- Development Plan: the participant brings the business fundamentals and leadership acquired through simulations into real life, along with a 360 feedback process and development plans that incorporate specific action plans into the workplace.

- In F19, the Leading and First Line Manager training programs at MAXAM were awarded the Talent Mobility Award from Lee Hecht Harrison in the Leadership Development category.



At MAXAM, we strive to develop leadership at all levels, by preparing new generations of leaders as they transition towards their new responsibilities. In July 2018, we launched our First Line Managers program with leadership, management and business content fully adapted to suit their development needs and to stimulate a culture of high performance. It is a one-year program with a marvelous combination of learning methodologies: face-to-face sessions, virtual meetings, peer coaching, on-the-job sessions with managers, etc. The program has the following main objectives:

- Identify and implement the main leadership skills in MAXAM.
- Learning to lead in a matrix organization and in a VUCA environment.
- Building a community of peers that encourages learning from the experience of others and creates a network of contacts that facilitates future projects for participants.

60 participants have already started the First Line Managers program in the 2019 fiscal year, with very satisfactory results (rating by the participants: 4.4 out of 5).

We have implemented an "Experiential Learning Methodology" in the Leading in MAXAM and First Line Managers programs. A unique learning experience through exploration and discovery in which we combine:

- Face-to-face training sessions throughout the program.
- Group discussions to encourage the sharing of ideas and best practices.
- "Peer coaching" to facilitate co-responsibility, curiosity and self-learning.
- Specific action plans for each participant with the aim of putting into practice everything that they learn in their working environment.
- Online modules from Harvard University that provide in-depth essential knowledge of leadership and management.
- Webinars, forums and support resources available at MAXAM University.

MAXAM's Leading in and First Line Managers programs are helping us to consolidate:

- Leadership in a matrix organization.
- Decision-making quality
- Successful change management.
- Building high potential teams.
- Managing stakeholders through the development of communication and influence skills.
- Understanding that continuous learning of new skills is key to gaining competitiveness.

## Main figures from F19

**Participants / unique users**

**280 224**

**Geographical representation**

**59** international participants

**Participants who would recommend the program to a colleague (Leadership Net Promoter Score)**

**87 %**

## Distribution of participants by program

**First Line Managers**

**60**

**Leadership**

**106**

**Finance**

**34**

**Project Management Methodology**

**47**

**Marketing**

**33**

In June 2018, the Leading in MAXAM and First Line Managers programs won the Leadership Development category of the Lee Hecht Harrison Talent Mobility Award

## Technical Career Development

The development of strategic technologies is a fundamental asset at MAXAM and the basis of our competitive advantage. Hence our value lies in the knowledge and control of these technologies.

The Technical Career allows employees to make progress with their professional development as they acquire new layers of knowledge, skills and technical experience.

In this fiscal year, considerable work was done inside the company to design and implement the first Technical Career itinerary: the Process Engineering Technical Career. 30 process engineers currently participate in the pilot program.

## MAXAM University

MAXAM's Corporate Online University (MAXAM University) is managed by the Talent Area of the Corporate Human Resources Department, which identifies, builds and compiles training initiatives to ensure that it contributes to the strategy and to the roll-out of corporate initiatives.

This area has worked to turn this platform into a development and learning tool, by constantly encouraging the submission of high quality content. To encourage employee access to MAXAM University, an audience segmentation exercise (Managers, Leaders, professionals) has been carried out and Newsletters have been created to raise awareness of new Training features and new options that are available among all segments. There is also a section called *Learning bites* for sharing inspiring ideas that help people think outside the box and that provide new learning resources to our employees.

MAXAM University includes mandatory global training programs that are critical to the business (Health & Safety Program, Quality Basics); that meet a legal requirement (Office Safety, Code of

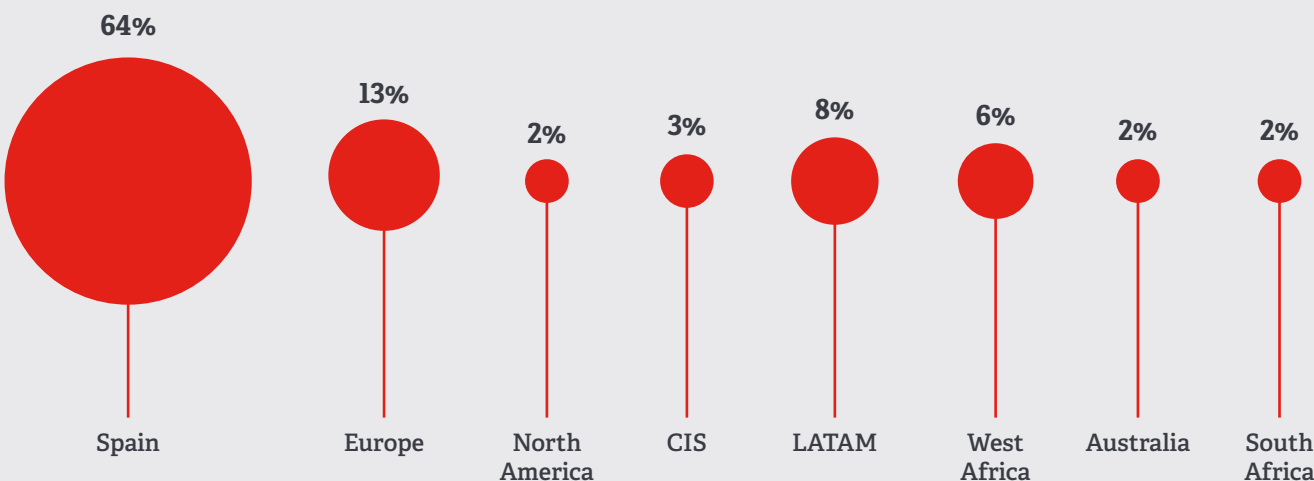
Ethics); or for team and objectives management (*Performance Model (Dialogues 4U)*).

**2,050 users**  
registered worldwide

Average of  
**10,300 accesses**  
per year

Training at MAXAM is eminently practical, linked to our business needs and our skills model. At a high level, we present training initiatives that reflect these principles.

### Access to MAXAM University by region



## MAXAM fosters a culture that recognizes achievements

At MAXAM, as part of the Human Resources strategy, we have a comprehensive remuneration scheme based on the principles of internal equality, external competitiveness, uniqueness, diversity, recognition and merit.

Remuneration policies are in line with the long-term sustainability interests of our shareholders.

The global compensation model is a job-leveling and banding system, which is fair and uniform for all countries.

The pillars of our comprehensive compensation strategy include a commitment to our employees to ensure fair remuneration in line with best market practices. To achieve this, we work with external suppliers specializing in compensation, who provide local market references.

We ensure that our compensation policies and practices aim to guarantee equal wages and opportunities for both men and women.

MAXAM's remuneration policy aims to attract, retain, motivate and recognize employees

so that, together, we can face the Company's challenges and those in the sector. We have a Total Compensation approach, including both monetary and in-kind remuneration (basic salary, short and long-term variable remuneration, social benefits) and emotional rewards (projects, career development, work-life balance measures and recognition programs).

Remuneration is linked to the Pay for Performance philosophy. As a result of the performance assessments, the salaries of all professionals are reviewed every year to bring them into line with market increases in a manner tied to each professional's performance and merit.

The annual bonus system is linked to meeting objectives and to the performance of eligible professionals. It is a mixed system that includes financial objectives, safety objectives and individual objectives based on team management and transformational projects.



## Recognition programs, linked to the Company's values

### Santa Bárbara Innovation Awards

In F19 we celebrated the 25th anniversary of the Santa Bárbara Innovation Awards. This is a pioneering initiative in the industry, aimed at the company's over 6,500 employees all over the world, through which MAXAM aims to promote a culture of innovation at all levels of the organization.

All employees have the opportunity to identify and propose new ideas and innovative solutions to generate unique value for the Company and its customers. The Santa Bárbara Innovation Awards have led to major technological progress in our organization, aimed at increasing productivity, safety and environmental conservation, both in manufacturing processes and in the solutions we offer our customers.

An average of 30 applications are received each year. In the last 10 years alone, prototypes of some of MAXAM most innovative technological developments have arisen from these awards. These include:

- RIOBLAST: blasting simulation software.
- RIOSENSOR: a device that allows deviations to be identified and corrected when drilling boreholes.
- BER: a system for real-time and remote visual inspection of boreholes.

Every year, MAXAM sets up a panel for the awards, which is responsible for selecting the finalist ideas from among those that are submitted, with selection criteria such as: long-term sustainability, adherence to our corporate policies, applicability to different areas of the Company and the potential profitability of the idea.

Each year, awards are given to projects in the following categories: An absolute winner for the year (who receives a cash prize equivalent to three times the average monthly salary of the country from which the project was presented), a Special Safety Prize (with a cash prize equivalent to one month's average salary of the country of origin) and one or more runners-up (who also receive a cash prize equivalent to one month's average salary of the country of origin).

### Global Values Recognition Program

In the last quarter of F19, a recognition program was also launched for Company employees nominated by their colleagues for their exceptional performance linked to MAXAM's values. The objective of this program, which will continue to be developed during F20, is to enhance our company values, by acknowledging the conduct, projects and best practices that are most representative of these values. The program was launched with the safety value.

### Mobility

As a reflection of its nature as a global company, MAXAM also has a Global Mobility Policy that enables management of all international assignments according to the activity to be carried out and the country; this ensures that we have the necessary talent to guarantee aspects such as: the opening and / or start-up of new businesses, control over acquired or subsidiary companies in other countries, the filling of vacant positions in other MAXAM subsidiaries, the development of a global vision for the business, knowledge transfer, the integration of corporate cultures and the professional development of employees.

### We operate under a strict regulatory framework, promoting equal opportunities and work-life balance

In addition to the corresponding labor legislation in each of the countries where we operate, all the relationships established in the area of people management use MAXAM's Code of Ethics as a general regulatory framework, which is applied at a global level. Item 6 of the Code explicitly refers to Human Resources Policies, undertaking to *"offer a safe and respectful work environment in which the principles of non-discrimination, equal opportunities and respect for Human Rights and Labor Rights prevail, including freedom of association and the right to collective bargaining"*.

The complete prohibition of child labor is set out in the same point: *"The minimum age for starting work shall be 16 years, unless local regulations establish a higher age limit. Special attention will be paid to workers under the age of 18 to avoid work that could damage their health, integrity, development or safety"*.

Other notable regulatory elements of reference are the Equality Plan, collective bargaining agreements and the different people management policies and procedures that are detailed below.

## Equality Plan

All Group companies in the different countries where we operate promote equal opportunities and respect for diversity (religious, cultural, gender, etc.), as well as effective equality between men and women in terms of access to employment, training and promotion. Support is also given to workers with different abilities, to facilitate their integration into the workplace.

The nature of the sector in which MAXAM operates (mining, industry and technology) has for many years hampered the presence of women on the workforce, which is traditionally low, although these statistics have improved over the past five years.

Among the actions aimed at correcting this imbalance is the Equality Plan<sup>1</sup> implemented on 1 January 2017 and in force until 31 December 2019. This plan contains measures for intervention in the following areas, among others:



Similarly, pursuant to the Social Integration of the Disabled Act 13/1982 of 7 April, at MAXAM specific measures are in place for integrating and providing support to people with disabilities.

(1) The Equality Plan can be consulted in the Official State Bulletin (BOE), along with our collective bargaining agreement (IV MAXAM and other group companies collective bargaining agreement).



## Work-life balance

We have the following measures in place to promote and help our workers balance their work, family and personal lives:

- Paid leave for adoption and fostering processes.
- Unpaid leave.
- Breastfeeding scheduling.
- Leave for assisted reproduction techniques.
- Equivalency for civil partnerships.
- Leave for baptisms and 1st communions.
- Inclusion of people on maternity leave or leave of absence in training and promotion processes.
- Extension of leave due to the death of children, spouses or civil partners.

- Time required for performing examinations and learning techniques to prepare for childbirth and, in cases of adoption or fostering, or fostering for adoption purposes, for attending mandatory information and preparation sessions for the obligatory psychological and social reports prior to the declaration of suitability.
- Hours per year for examinations for studies at non-official centers, or centers that issue qualifications that are not officially recognized.
- Hours per year for accompanying spouses, civil partners and first-degree relatives to medical appointments.

As of today, there are no specific policies regarding the right to disconnect from work.

## Collective bargaining agreements

Labor relations at MAXAM fall within the framework of different collective bargaining agreements for each country and workplace. All of its employees provide services within this framework, regardless of the agreed contractual relationship, professional group and assigned job.

Similarly, the company informs workers of any significant operational changes that it intends to introduce, in all cases in compliance with the types and levels of advance notification established by local legislation in each country.

In particular, in the case of Spain, the Company has its own company agreement (IV MAXAM and other Group companies collective bargaining agreement), which applies to the Corporation

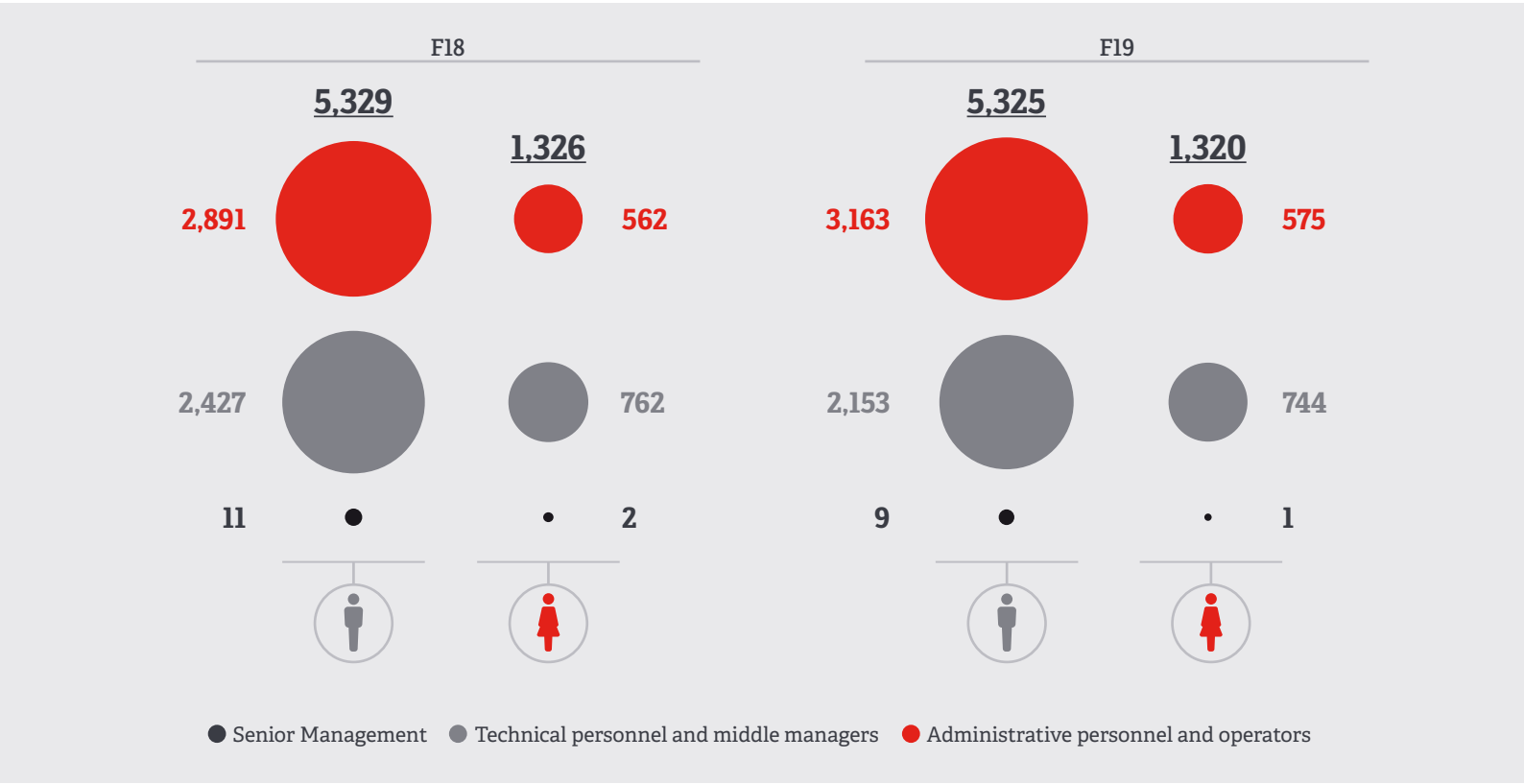
and to the Terra Solutions and Outdoors Business Units. In Spain, around 60% of workers are governed by a collective bargaining agreement (either MAXAM's agreement or any other applicable agreement). The remaining personnel are included in the TD (Technicians and Directors) groups.

For the upcoming fiscal year, the Company will take the measures necessary to record information at a global level on this matter.

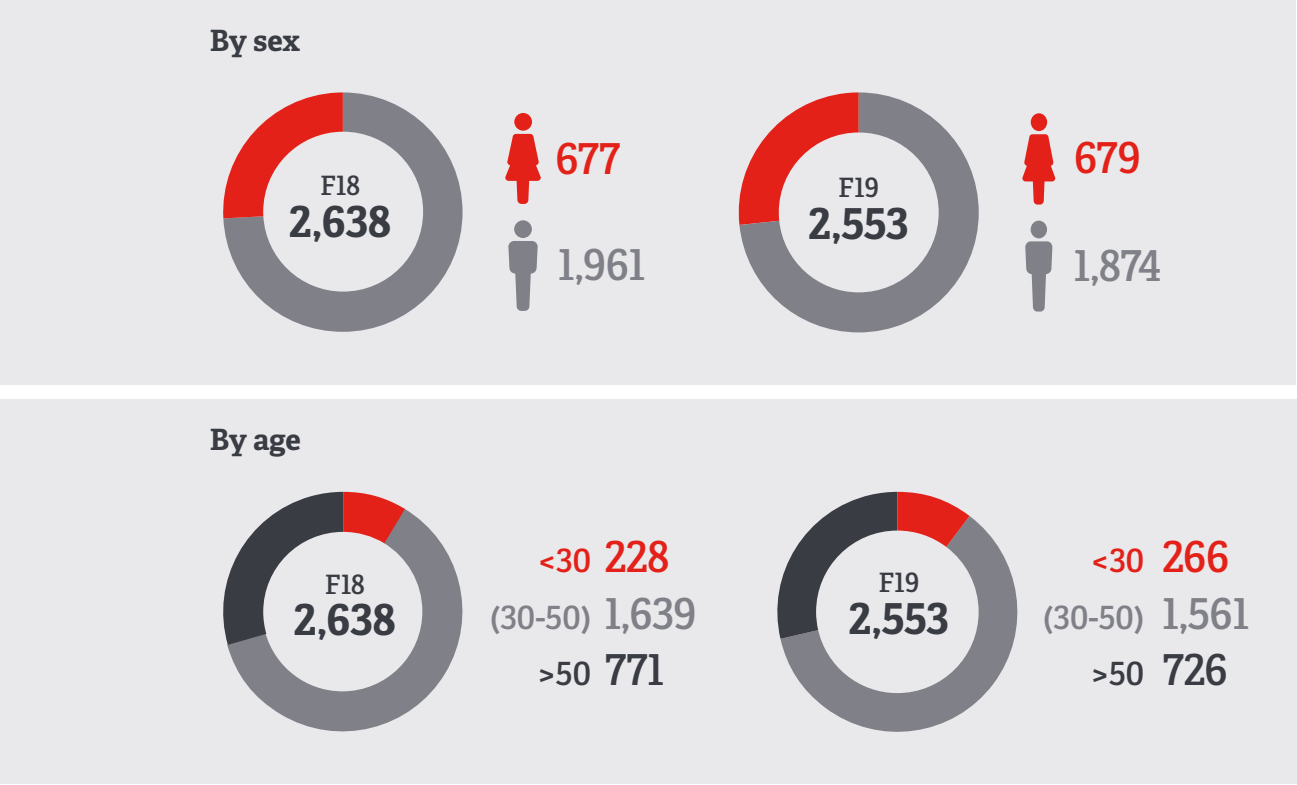
Relationships with Legal Workers' Representatives are based on constant communication and collaboration. At work centers in Spain, the trade unions with majority representation are UGT, CCOO, ELA and SIX.

# Our team in numbers<sup>1</sup>

## MAXAM employees in the world

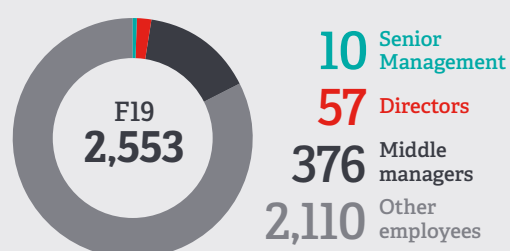
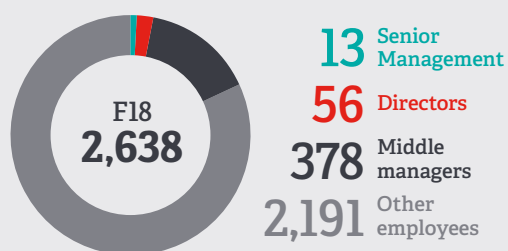


## Employees in Spain



(1) Most of the data presented refers to Spain. For future fiscal years, MAXAM is working on implementing global recording mechanisms in order to extend the scope of the information that is provided.

### By professional category



### Employees with disabilities

F18 4

F19 6

### Lay-offs in Spain

#### By sex

	F18	F19
Men	22	31
Women	4	8
<b>Total</b>	<b>26</b>	<b>39</b>

#### By age

	F18	F19
< 30	2	2
30 - 50	18	29
> 50	6	8
<b>Total</b>	<b>26</b>	<b>39</b>

#### By professional category

	F18	F19
Senior Management	0	0
Directors	3	5
Middle managers	10	10
Other employees	13	24
<b>Total</b>	<b>26</b>	<b>39</b>

Annual average of permanent, temporary and part-time contracts in Spain (broken down by gender, age and professional category)

### Permanent contracts

	F18			F19		
	Men	Women	Total	Men	Women	Total
< 30	55	18	73	95	41	136
30 - 50	808	313	1,121	928	363	1,291
> 50	362	84	446	355	84	439
Senior Management	11	2	13	9	1	10
Directors	32	22	54	35	20	55
Middle managers	298	71	369	286	81	367
Other employees	884	320	1,204	1,048	386	1,434

### Part-time contracts

	F18			F19		
	Men	Women	Total	Men	Women	Total
< 30	1	0	1	0	1	1
30 - 50	13	18	31	14	16	30
> 50	131	36	167	131	32	163
Senior Management	0	0	0	0	0	0
Directors	1	1	2	1	1	2
Middle managers	19	1	20	21	2	23
Other employees	125	52	177	123	46	169

## Temporary contracts

	F18			F19		
	Men	Women	Total	Men	Women	Total
< 30	106	46	152	87	42	129
30 - 50	407	146	553	216	85	301
> 50	78	16	94	48	15	63
Senior Management	0	0	0	0	0	0
Directors	1	0	1	0	0	0
Middle managers	4	1	5	3	0	3
Other employees	586	207	793	348	142	490

## Hours of absenteeism in Spain

	F18	F19
Men	148,896	167,408
Women	86,992	85,808

## Training hours (broken down by professional category)

	F18	F19
Directors	1,388	1,361
Middle managers	3,971.5	5,399.75
Other employees	3,610.5	6,078.5
<b>TOTAL</b>	<b>8,970</b>	<b>12,779.25</b>



## Remuneration in Spain

### By gender Average salary by gender (€)

	F18	F19
Men	36,301	39,070
Women	33,916	36,241

### By age Average salary by age (€)

	F18	F19
< 30	19,875	21,439
30 - 50	35,267	38,482
> 50	40,292	42,773

### By professional category Average salary by category (€)<sup>2</sup>

	F18	F19
Directors	150,797	163,522
Middle managers	65,620	71,866
Other employees	25,100	26,344

## Wage gap in Spain<sup>3</sup>

	F18	F19
Directors	14%	14%
Middle managers	16%	6%
Other employees	-2%	0%

(2) The remuneration of senior management and board members can be seen in MAXAM's financial report for this fiscal year F19.

(3) Formula used to obtain it: average compensation by level and gender, calculating the percentage difference between the genders.

## Achievements and future trends

In F19, there was intense and significant activity in the personnel area. Emphasis should be placed on the following main milestones:

Consolidating HR's overall role in all of the area's critical processes (recruitment, training, skills development, assessment, remuneration, etc.).

Consolidation of talent management and attraction processes.

Consolidation of the Leadership Program at a global level.

Consolidation of recognition programs (in terms of values, skills and performance).

Implementation of the development of technical careers (with the same weight as managerial careers, giving prominence to highly experienced technical personnel).

Launch of the Xperience platform for the global digitization of the entire HR department.

MAXAM is making a clear commitment to digitization, as a critical process for the Company, and the Human Resources area is no exception. The launch of the Xperience platform has made MAXAM the first Spanish company to implement a digital people management model with Workday software. This platform has a global scope and can be accessed by all company workers. It is also an important tool for workforce connectivity. Xperience represents MAXAM's commitment to taking a step further in helping our employees, to enable them to develop and to support managers leading high-performance teams, a HR proposal at the service of MAXAM to help in its transformation towards the world leader organization that it aspires to be.

In order to continue building a *best in class* company, MAXAM will continue to work on the implementation of all the programs and initiatives currently under development in the area of Human Resources, laying the foundations for the incipient digital transformation and taking further steps to bring more sophistication into those areas of activity that have already been consolidated.

In this regard, we will continue to implement the pillars of the strategy for the area:

We will continue to roll out the global talent model so that Leading in MAXAM reaches all MAXAM team managers.

We will work hand-in-hand with the organization to continue building a high performance culture through the global implementation of the performance model and Pay for Performance.

We will continue to invest in the future, focusing on those critical skills that will help us to grow as a business; all this involves continuing to invest in the continuous development of internal capabilities (Project Management, sales, marketing, etc ...).

And last but not least, consolidate the implementation of the Human Resources management model at a global level to help us create an ecosystem of excellence within the department.

# Health and safety as a way of life

Employee health and safety is an extremely important aspect for MAXAM and one of the Company's fundamental values. This is stated in its Corporate Occupational Health and Safety Policy (hereinafter referred to as the OHS policy), which is mandatory for all subsidiaries and work centers, and which establishes a clear commitment to guarantee safe and healthy working conditions for all employers and stakeholders.

**Occupational health and safety is an essential element to ensure that MAXAM continues to improve the performance and sustainability of the business, consolidating recognition of the Company as a benchmark in the sector.**



There are many challenges:

Those associated with the development of operations in a global context.

The opening of new facilities.

The need for continuous adaptation and the resulting changes in the organization.

A greater number of new developments and services.

MAXAM's key role in the larger mining industry, today focused on supplying services and systems.

Safety as a unique factor: it is increasingly included among the demands of customers and shareholders.

Each new development at MAXAM begins with an analysis of the potential risks and opportunities, including the application of preventive measures to minimize risks, and plans to take advantage of the opportunities that are identified.

The risk assessment, prioritization and management process is fully implemented during each stage of the work carried out at all MAXAM facilities the world over, by considering factors of a social nature, leadership and local culture with a clear objective: to determine the supervisory measures necessary to control risks and reduce accidents and incidents.

Potential risks are classified according to their severity and likelihood. We also distinguish between two categories of risk:

**1. Risks in the workplace** (slips, falls, overloads...): these normally affect only one employee and may require assistance ranging from first aid to managing a fatality. These require that there be rules at work, training for work teams, supervision of individual behavior and provision of personal protective equipment (PPE).

**2. Process risks** (flammability, toxicity, overpressure): these have a wider impact and may affect groups of workers or the population in general. Their prevention requires a collective commitment, as it addresses events over which the worker has little or no control. Moreover, preventing and controlling these risks allows the corresponding hazards to be identified, understood and controlled, as well as damage and associated incidents to be prevented.

## How we tackle safety challenges

At MAXAM, we work towards achieving excellence and an interdependent occupational health and safety culture. Our strategy can be summarized by three simple ambitions:

### 1. Zero Damage.

Zero damage to all stakeholders: employees, shareholders, customers, partners, suppliers and the communities in which we operate.

### 2. Continuous improvement of our practices.

Working together with different stakeholders to promote a culture of sharing, learning, transparency, honesty, compliance and, above all, placing value on life.

### 3. Safety as a Fundamental Value.

We have fostered the employees' sense of belonging in order to make safety a collaborative effort on multiple levels within MAXAM.



This high level of excellence in safety requires human, technical and financial resources, leadership skills and organizational structures and tools to make it possible.

**The corresponding tasks are structured into three strategic lines, each with its corresponding performance assessment indicators and objectives:**

- Development of a safety culture: safety must be present in all of our daily activities, in all processes. We must understand it and stay involved, both as a team and personally, including being capable of influencing our environment.
- Excellence in management: we apply the best safety management tools and procedures to ensure that we have solid standards and strategies, and accident reduction programs.
- Control of critical processes: the safety of processes is as important as safety in the workplace. The objective is to implement it in all critical processes, in all our operations.



## Our policies and procedures

The Corporate Occupational Health and Safety Management System is certified externally in accordance with the OHSAS 18001 standard, although migration to the new ISO 45001 International Standard, which will replace OHSAS 18001 in March 2021, is being prepared with the aim of supporting Company facilities and processes with this certification. Given how important safety management is for MAXAM, this framework of reference is made up of numerous elements, many

of them of a cross-company nature, which have been updated or defined between F18 and F19:

- Corporate Occupational Health and Safety Policy.
- Corporate Occupational Health and Safety Handbook.
- **Process Safety Management (PMS).**
- Corporate Occupational Health and Safety Management System.

## Corporate Occupational Health and Safety Policy

Our OHS policy was updated in F18, based on the collective contribution of MAXAM employees through Work Groups in the different regions. It is based on the following main pillars:

- We believe in a robust health and safety culture as a way of life.
- Senior management is deeply committed to teaching and guiding.
- Managers are responsible for the health and safety of their teams and promote an efficient and safe working environment.
- We include feedback from our employees when making decisions.
- All employees undertake to participate actively in the continuous improvement of the OHS Management System and OHS Culture, as well as to care for others.
- Our business is based on voluntary compliance with our high global standards.
- We are committed to designing new facilities and improving existing ones to make them inherently safer.
- We systematically conduct in-depth investigations of all events in order to continuously improve our practices and standards, sharing the lessons learned internally and externally.
- We believe that employee safety, health and well-being are fundamental to achieving successful and ethical business practices.



## Corporate Occupational Safety Management System Safety Handbook.

The Corporate Occupational Health and Safety Management System is a set of documents that follow the structure and guidelines of the ISO 45001 standard. These must enable each MAXAM subsidiary and site to meet the corporate requirements and successfully complete any internal and external audits that are conducted, including those may result in certification, if applicable. The system is based on the following main pillars:

- MAXAM's Corporate Occupational Safety and Health Policy.
- The identification, assessment and management of the inherent risk of MAXAM's activities, including opportunities.
- The identification and updating of legal and regulatory requirements that apply to MAXAM's activities and to assessment of compliance.
- The setting and review of goals and objectives.
- The establishment of a structure and of programs for implementing the Corporate Policy and achieving its goals and objectives.
- Initial and ongoing training for MAXAM employees to ensure that they can carry out their tasks adequately.
- The planning, control, supervision and management of corrective, preventive and improvement actions, audits and system reviews.

- MAXAM's commitments to the management principles and practices of the Responsible Care Global Charter and the United Nations Global Compact, to which MAXAM has voluntarily subscribed.

Like the ISO 45001 standard, the system is based on the PDCA methodology (plan, do, check, act), which covers the following phases:

### PLAN

Setting the objectives and developing the procedures necessary to achieve the results of the Corporate Policy, including the detection and assessment of risks and opportunities.

### DO

Implement the corresponding processes.

### CHECK

Supervising and measuring processes in accordance with objectives, goals and legal and regulatory requirements, and reporting on the results.

### ACT

Take measures to continuously improve the performance of the system.



- The consultation of and participation among employees is key to the maturity of the safety culture. At MAXAM, health and safety concerns us all.

## Process Safety Management (PSM)

Defined in F19, the PSM is an integrated system involving different areas of the Company and of each site. The system includes both processes associated with very serious hazards as well as low-risk operations, and it is based on the following principles:

1. Commitment to leadership.

2. Understanding the hazards of the process.

3. Ensuring that personnel are educated and trained.

4. Adequate maintenance of equipment and machinery.

5. Management of changes and modifications.

6. Anticipating and preparing for potential problems.

7. Identifying and learning from problems.

These principles, for the most part, are implemented using procedures from the Occupational Health and Safety Management System. Likewise, the PSM includes the following tools:



- The PSM Program provides the information about the framework to assist managing the subsidiary and/or site to implement procedures to protect personnel from serious injuries and prevent significant environmental damages, damage to property and commercial losses.



- The Process Hazard Analysis (PHA) guidelines set out the different methods and directives for conducting these analyses in an adequate manner that covers the entire process, in order to define the actual priorities.



- A procedure is also integrated into the existing MPC where the guidelines are established to manage the maintenance of equipment and installations, in order to maintain and continuously improve the integrity of a system for containing hazardous substances during the service life of the installation or the equipment (Mechanical integrity), as well as to achieve adequate availability of manufacturing support processes at an appropriate cost, that covers the entire useful life of the installation. The procedures for MAXAM's seven "Maintenance Basics", which describe the essential roadmap for maintenance processes.



- The procedure for managing changes and modifications describes the method for controlling the changes that arise from new projects, changes and modifications to facilities, equipment, processes or products and changes of personnel anywhere in MAXAM's work, providing objective evidence and records of such changes to enable any risk that arises to be analyzed and to verify effective implementation of the measures taken to reduce or eliminate these risks before the changes.



- The emergency response plan is a procedure that establishes the methodology to identify and respond appropriately to potential (serious and imminent risk) or real emergency situations, and to prevent and reduce internal and external consequences. All workplaces must have an emergency plan. All applicable scenarios must be included in the Emergency Plan and be tested regularly, using emergency drills. All employees and contractors must be trained and must participate in emergency drills.



- The Company has a governance body, **PSM CoEx**, made up of the different areas, which provides training and technical support to any sites where the process management system is being deployed, and its objective is to ensure that roles and responsibilities are correctly coordinated within the system.



- Each site must follow an action plan approved by the corresponding business unit. It has a **PHA leader** and according to its needs, a certain number of leaders in charge of conducting hazard analyses associated with the processes.

## Corporate Occupational Health and Safety Manual

Updated in F19, the Corporate Occupational Health and Safety Manual seeks to establish basic guidelines for the implementation of the Corporate Health and Safety Management System at all MAXAM subsidiaries and sites. It includes guidelines regarding:

- Worker participation and leadership
- Planning
- Support and evidence
- Operational planning and control
- Performance assessment
- Continuous improvement

MAXAM informs its customers about the characteristics of the products, providing technical advice on safe transport, storage and use. Likewise, it applies strict quality controls to all processes and works continuously on technological development and innovations to minimize and eliminate risk. Consequently, the same dedication to safety and risk prevention is required of all suppliers and contractors, in order to ensure that they apply occupational health and safety standards equivalent to those applied at MAXAM and that risk prevention continues beyond the Company's perimeter.

Every management system for corporate occupational health and safety implemented at each MAXAM subsidiary or workplace, regardless of the business unit, must meet the minimum requirements of the ISO 45001 standard.

## A management system fully integrated into the business

The Corporate Health and Safety Area is responsible for defining the processes for the effective implementation of the OHS Policy. The general managers at the business unit, regional and subsidiary levels are responsible for implementing these processes at the different work centers, and for complying with the principles and commitments of the OHS policy.

The application of this policy within each business unit, subsidiary and site is coordinated by the Health and Safety managers at all levels, and all MAXAM personnel are dedicated to applying it and cooperate and participate in its application.

The Health and Safety area is represented on the Company's Management Committee. Similarly, the Audit Committee receives specific information on related topics. In the Business Units, the OHS departments take on this role, since they are responsible for passing on corporate policies and procedures, thereby guaranteeing continuous improvement.

The Corporate Health and Safety Department is responsible for defining policies and procedures and overseeing compliance with occupational health and safety obligations by the different Group companies, with support at all management levels, for the purpose of guaranteeing the highest possible level of protection for workers.

The management of each MAXAM subsidiary, factory and operation periodically reviews and evaluates its Occupational Health and Safety Management System, in accordance with the procedure established to identify areas for improvement and for the implementation of actions.





## Achievements and future trends

For the F19 fiscal year, the safety area established the following priorities, within the framework of the long-term action plan that ends in 2021:

Line	F19 Priorities	Associated actions
<b>SAFETY CULTURE</b>	Operational discipline	Implementation of the Zero Tolerance program.  Dedication of the Chain of Command.
	Responsibility of the Chain of Command	Assignment of roles and responsibilities at 100% of the sites.  Training and alignment with Human Resources.  Updating of job descriptions.
	"The Risk Factor" program	This is a continuous action aimed at the consolidation of an independent safety culture.  Program development through pilots, in the different Business Units.  Training.
<b>EXCELLENCE IN MANAGEMENT</b>	Structure and resources	Expert, competent and influential team.  Develop the capabilities of the team. Follow-up.  Implement the defined training plan and the training matrix.
	Internal audits	Execution of the Internal Audit Plan and rigorous follow-up.  All audited workplaces have a specific action plan for closing any non-conformities that may exist.  Updating of the audit checklist with new programs.

NOTE: taking into account the existing registration tools, accident rates cannot be shown by gender. The necessary measures will be introduced so that these figures can be recorded as from next year.

Line	F19 Priorities	Associated actions
EXCELLENCE IN MANAGEMENT	Occupational Health Management	Launch of the updated NOR.CORP HS 13 procedure.  2-year roll-out plan at each workplace.
	Classification of accidents and incidents	Alignment with Quality and the Environment.
	Digital media	Progress according to the roll-out plan approved in F18 with the new tool.  User training.
CONTROL OF CRITICAL PROCESSES	Management program deployment (PMS)	Further progress with the implementation of the PSM Program.  Continuing with the deployment of PSM at the workplaces where PSM has already been launched.  Conducting an analysis of hazards associated with critical processes (PHA).  Monitoring of indicators.
	Development of PHA leaders	Train potential new PHA leaders.  36 certified PHA leaders.  Maintain the certification process for current PHA leaders with the aim of certifying 10 new PHA leaders.
	Management of changes and modifications	Update the existing corporate procedure.  Roll-out and training on updated procedures.  Special attention should be paid during gap analysis and internal audits.
	LOTO procedure	Definition of MAXAM's minimum LOTO requirements (Lock out-tag out).  Update the associated corporate procedure.

Results for accident rates were as follows:

	F19	F18
<i>Near miss</i> <sup>4</sup>	1,897	1,607
TRCR <sup>5</sup>	1.1	1.24
GSR <sup>6</sup>	0.48	0.07
Fatal accidents	1	0
Occupational diseases	1	0

**For the forthcoming fiscal year, the objective established in the long-term plan for reducing the TRCR indicator is still in place. Reductions in this indicator will come from planned improvements resulting from the implementation of the new policy and the new management system, which aim at meeting the requirements of ISO 45001 at a global level. Specifically, there are plans to boost training efforts and to consolidate new management tools.**

**Strict corporate health and safety guidelines are implemented rigorously and precisely, complying not only with the applicable legal and regulatory standards, but also with our own requirements, in order to create the best possible working environment for our employees. Employees participate in and commit to these objectives in different ways, thus ensuring that their proposals and interests are integrated into the development and implementation of safety guidelines. Employee consultation and participation are key success factors for ensuring that MAXAM achieves the desired maturity in its safety culture: safety concerns all of us.**

(4)"Near miss": this is an unplanned event that does not result in damage, injury or occupational diseases, but that could have had this sort of results. Near misses are measured based on the number of reported events.

(5) Total Recordable Case Rate (TRCR): this is the accident rate, including accidents resulting in leave of absence, accidents not resulting in leave of absence, and occupational diseases occurring in the workplace, those of both MAXAM employees (permanent or temporary) and of subcontractors for every 200,000 hours worked.

(6) GSR (Global Severity Rate): Measures the seriousness of accidents that occur that result in leave of absence, taking into account the number of workdays lost compared to the hours worked by all permanent and temporary personnel of the unit under consideration (MAXAM as a Group, Business Unit, Work Center) and its contractors.



# Efficient Quality and Environmental Management

To guarantee and continuously improve its environmental performance and the quality of its products, services and processes, MAXAM has a management system that includes the identification and management of risks and opportunities.

This system is adopted by all MAXAM's subsidiaries, with each Business Unit being responsible for its implementation, in accordance with the Company's global strategies and in accordance with the legal requirements, contractual requirements and expectations of customers and stakeholders, voluntary agreements signed, and strategies of each Business Unit, its subsidiaries and the surrounding area.

The assessment of the organization's internal and external context is prepared and reviewed to define and prioritize key elements of the management system and identify communication channels, controls and actions.

## ENVIRONMENTAL ASSESSMENT

MAXAM has established a Corporate Procedure for the identification and assessment of environmental aspects, impacts and risks. Similarly, a specific tool has been developed for assessing each aspect and impact identified, and for determining its significance. Significance criteria include the severity of the possible environmental damage, its extent, and the sensitivity of the receiving environment. This tool has specific feature that associates the life cycle perspective with each aspect assessed.

The main environmental risks generated by MAXAM's activity at its plants are possible leaks or spills of hazardous substances, gas emissions that exceed established limits, or spills that could affect soil or waters, as well as any possible environmental incident or breach of environmental legislation.

**Control procedures and best practice guidelines have been defined for each environmental aspect or risk, and the best available technologies for new projects, or improvements to existing projects, have been identified and recommended.**

MAXAM has taken out an environmental risk policy to cover any contingencies that may arise, for which MAXAM may be liable, including obligations arising from legislation on this matter. An Environmental Risk Analysis (ERA) pursuant to Spanish legislation was completed during the year F19.

## LIFE CYCLE ASSESSMENT

From a lifecycle perspective, most of the products and services provided by MAXAM are unique in that they are not reusable or recyclable, given their nature and purpose.

During the manufacturing stage, greenhouse gas emissions are a significant environmental aspect that is associated with the raw materials that are used (ammonium nitrate, ammonia, sulfuric acid, nitric acid). The ammonium nitrate consumed comes from manufacturing carried out at the Mazingarbe plant (France), as well as at the Chirchiq plant (Uzbekistan) and other purchases from third parties. Both of MAXAM's European plants, Mazingarbe and La Canonja (Tarragona, Spain), are subject to the EU emissions trading scheme and have systems for treating gases (N<sub>2</sub>O) through catalytic reduction.

In terms of the origin of the energy sources that are consumed, the Company does not currently have its own renewable consumption (with the exception of hydroelectric production in Wano, Germany). Other opportunities have been identified and assessed in relation to the use of energy from renewable sources, such as the use of biomass, but up to now they have been rejected for safety reasons.



In accordance with the Corporate Quality Risk Procedure, a classification of risk types has been developed and the tools to be applied for their assessment and control have been defined. During the year F19, the format and content of the mandatory Environmental Assessment and Quality Assessment reports for new investments, projects or products have been improved.

**The Products and Solutions Design and Development Procedure was revised during F19. New products, processes, investments and industrialization are assessed, approved and developed taking the following into consideration:**

- **Appropriateness for the group strategy and marketing strategies.**
- **Analysis of capacities.**
- **Likelihood or frequency that assessed aspects materialize in the form of risks for the development of the project or achieving the goal.**

Experience with projects carried out in the United States by the Outdoors and Defense Business Units, and the opportunities and risks identified in large-scale mining projects have prompted the organization to review or develop the following management tools:

- Detailed quality plans, including expressly compiling customer requirements.
- New environmental requirements for products.
- Risk analysis, in accordance with customer requirements, as well as with the Ministry of Defense TI for EXPAL projects with application of RAC.

Environmental improvements were completed during the fiscal year, including the replacement of storage facility equipment to prevent pollution, with a value of €2,001,000.

**Over the last 3 fiscal years, €7,400,000 was spent on improvement activities and environmental prevention.**

## **Due diligence reference framework and procedures**

MAXAM's activity falls within the framework of the following reference standards and voluntary agreements that have been entered into:

**ISO 14001: 2015  
(environmental management)**

**ISO 9001: 2015 (quality management)**

**ISO 50001 (energy efficiency management)**

**AS 9100 and 9110 (quality management in the aeronautical and defense industries)**

**PECAL/AQAP 2110 and 2120 (quality management in the defense industry)**

**Customer requirements, needs and expectations**

**Responsible Care Global Charter voluntary agreement**

**UN Global Compact voluntary agreement**

The Corporate Quality and Environmental Policies, revised and updated in 2018, have been distributed in the different local languages, accompanied by the so-called Quality Bases and Environmental Good Practices.

The amendments to ISO 9001:2015 and 14001:2015, the update of 50001:2018, and the RC Global Charter obligations of ICCA and FEIQUE have led to the updating of these policies and their publication in 12 languages, including:

- Verification that the wording shows that the policy serves as support for the Company's strategy.
- Express mention of energy efficiency aspects, including criteria for their attainment.
- Express mention of the context of the organization, and the objective of being suppliers of global solutions.
- Express mention of the availability of information for taking the most appropriate decisions.
- Inclusion of the risk-based thinking concept, in addition to the approach based on processes, systems, customers and stakeholders.

### The Corporate Environmental Policy is based on the following principles:

- Sustainable development, management and dedication
- Environmental performance and continuous improvement
- Environmental assessment and life cycle outlook
- Communication and cooperation
- Compliance obligations

### The Corporate Quality Policy establishes the following principles:

- Sustained success, management and dedication
- Quality assurance and continuous improvement
- Design and development of products, processes and solutions
- Value chain and cooperation
- Compliance obligations

The following criteria for managing communications relating to the environment or to quality are included in the Communication and Participation Procedure:

- Those that address significant environmental aspects or relevant quality aspects.
- Those that directly affect the Environmental or Quality Policy, or the management system.
- Those that affect legal or contractual requirements, or that there is a legal obligation to respond to.
- Legitimacy of information requests, the influence that its disclosure may have on MAXAM's image, effects on MAXAM's competitiveness, safeguarding the confidentiality of MAXAM's technology, processes, products or services, or those of its customers, shareholders or other stakeholders.

Environmental management and quality aspects include the following elements, guidelines and due diligence procedures:

#### **Context, leadership, policies and strategy**

Adaptation of the Q&EMS to the context, policies and strategic objectives of Quality and the Environment, and integration with MAXAM's values, Code of Ethics and other key policies, such as technology, safety and occupational risk prevention policies.

#### **Organization and Human Resources**

Environmental and quality management roles and responsibilities.

Training, communication and participation.

#### **Planning**

Markets and products planning.

Assessment of risks and aspects of activities, processes, products, services and investments; identification of opportunities.

Assessment of environmental aspects and energy.

Assessment of quality risks and achievement of goals.

Identification and assessment of compliance with legal and other requirements.

Adequacy of objectives and targets, monitoring and degree of compliance.

#### **Research, design and development**

Strategic research lines; development of processes, products and services.

Protection of technology and intellectual property.

Customer information.

#### **Investments, Projects and Material Resources**

Material resources, investments, industrialization and maintenance of the elements necessary for achieving the envisaged Q&EMS behavior.

Management of purchases, suppliers and contractors.

#### **Operational control, realization of the product and provision of services**

Control of production, distribution and delivery to the customer.

Environmental control and actions in the event of emergencies.

#### **Performance evaluation and improvement**

Monitoring, reporting and data analysis.

Complaints, claims and assessment of customer satisfaction.

Actions resulting from incidents, non-conformities, and opportunities for improvement. Findings of internal and external inspections and audits.

Management review, monitoring of actions and agreements for the continuous improvement of the Q&EMS.



## Risks, opportunities and continuous improvement

The strategic objectives and guidelines for improving Quality and Environmental management, set for the years F17-22 are indicated below, including the relevant achievements in the past fiscal year.

### Active participation and compliance

This objective includes a review of the organizational structure and the strengthening of quality and environment resources in each Business Unit; the roll-out of Quality Basics and Environmental Good Practices, translated into different languages and distributed at all MAXAM centers; training in key aspects such as problem solving (over 400 people have participated in problem-solving technique training in the last 3 years); strengthening the commitment to meet legal and contractual requirements (with a service to identify legal requirements being made available at over 40 sites).

Specific environmental training actions carried out in F19:

- Training in Use of Energy Management Equipment (March 2019).
- Configuration Management Training (November 2018).
- Environment training for internal auditors (May 2018).
- Lead auditor training in Quality and Energy Management (January 2019).
- Problem-Solving training. (September-November 2018, 137 people in Basic Problem Solving, 27 people in Advanced Problem Solving and the qualification of 8 PS4 Leaders and 3 PS8 Leaders).

### Environmental Control and Quality Plans

The objective of this line is to roll out the corporate model for quality control plans (QCPs) and the new model of the environmental control plan (prepared during F19 at 5 sites).

This guide must be a reference for measurements, analyses and controls carried out at MAXAM.

A Corporate Guide of Basic Guidelines and Good Laboratory Practices has been published in the Laboratory, in order to establish basic principles and good practices in laboratories, analysis rooms, inspection and control areas where chemicals, reagents and test and analysis samples are handled. The aim is to ensure the quality of the results, personal health and safety and environmental protection.

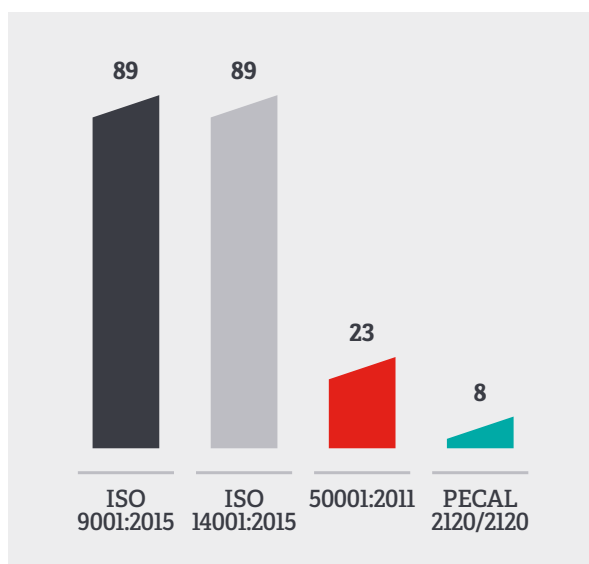
The guidelines that it contains will be taken into account, together with the information provided in the Work Instructions and Operational Practices, including the specific risks of chemical samples and products handled according to their Safety Data Sheets (SDS).

### Assurance and Improvement

The Corporate Quality and Environment Manual was revised during the fiscal year F19, in accordance with the quality management model implemented, including technological and product management. Key due diligence procedures were updated, along with the management of incidents, non-conformities, complaints and claims.

In most centers, the certified Management System includes ISO 9001, ISO 14001, OHSAS 18001 (in transition to ISO45001), as well as other specific certifications due to positions in markets or with customers (PECAL / AQAP 2120 and 2110; AS9100; ISO 14006).

Number of industrial centers included in the multi-site scheme according to certificates by reference standard.



MAXAM was the first global company in Spain to make the transition to the ISO 14001:2015 and ISO 9001 version of standards jointly throughout its certification program. This transition came into effect in December 2015 for both standards (as well as for the first centers certified in accordance with ISO 50001:2011).

The ISO 50001 standard, which is still rarely implemented by companies in the sector, was adopted by MAXAM in 2015 for the purpose of promoting global compliance with the EU Energy Efficiency Directive. Although the certification has only been implemented in a minority of centers, it covers those that represent more than 75% of the Company's total energy consumption. The transition to the new version of ISO 50001:2018 is planned for this year.

The external certification audit plans in 2012-2015 and 2015-2018 were carried out respectively by BSI (British Standard Institution) and by DNV-GL (Det Norske Veritas). This new 2018-2021 re-certification period is being carried out by Lloyd's Register Quality Assurance (LRQA).

### Robust design and competitiveness

To ensure the robust design of products, systems, services and solutions, new advanced tools and processes have been identified and planned for the design of products and solutions, such as for assuring the quality of engineering and industrialization processes. In this fiscal year, advanced design tools have been consolidated, and 3 pilot programs have been launched to improve configuration management, by integrating new tools under development.

Similarly, lines of work related to the environment and as a competitiveness factor have been identified: environmental aspects required by customers; the carbon economy, and the overall energy efficiency of processes.

## Our environmental performance in F19

At MAXAM we conduct our activity with a clear commitment to environmental friendliness and energy efficiency, contributing to the progress and sustainable development of the society in which we live.

We work on reducing our environmental impact in 6 fundamental areas:



Materials and resources



Energy



Water



Biodiversity



Climate change and emissions



Circular economy and waste management





## Materials and resources

Non-renewable materials used in manufacturing include chemicals and minerals in excess of 650,000 t/year for the TS, OU and CH Business Units.

### Raw materials consumed (t)

	F19
Chemicals	612,502.80
Containers and packaging	22,868.90
Metals	15,741.50
Plastics	4,046.80
Petroleum derivatives	2,330.70
Natural fibers and derivatives	138.9

The containers and packaging meet the established legal provisions. MAXAM collaborates with Spanish and international authorities in the sector.

Specifically, ammonia consumption at the nitric acid manufacturing plants belonging to the subsidiaries whose accounts are consolidated with MAXAM CORP Holding SL is shown on the attached table:

		F17 NH <sub>3</sub> t	F18 NH <sub>3</sub> t	F19 NH <sub>3</sub> t
CH	NITRICOMAX (La Canonja)	10,365	11,641	10,913
TS	MAXAM TAN (Mazingarbe)	45,812	49,896	30,390
	<b>TOTAL</b>	<b>56,177</b>	<b>61,510</b>	<b>41,303</b>



## Energy

The energy consumed by MAXAM's different activities takes the form of electrical energy, fuel and natural gas, with the most demanding industrial plants being those at which chemical processes such as nitration and the production of nitric acid are carried out, as well as forging and metalworking processes.

On the other hand, in assembly plants and bulk explosive manufacturing plants and transfer

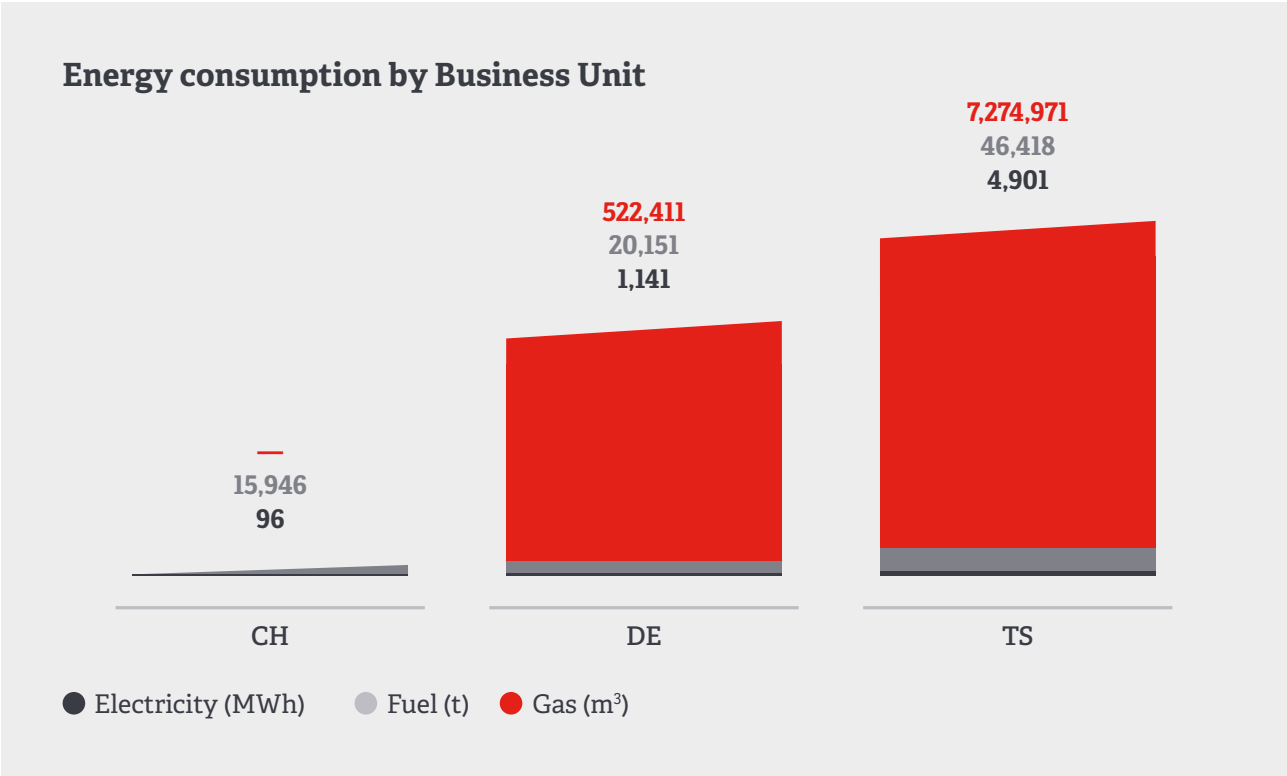
plants, energy consumption is limited to the production of heat for the mixing processes, and for maintaining ambient temperature during loading and unloading operations, respectively.

The energy consumption of the production centers is shown on the attached table, which specifies the consumption of natural gas, fuel and electricity from the grid.

- Optimized use of explosives can be up to three times more profitable in energy consumption than the use of mechanical machinery.

Consumption has been converted to MWh/year and totaled as GWh/per fiscal year, using officially established factors (IDAE, MITECO).

The main improvement objectives for fuel use and consumption reduction have focused on replacing burners and changing fuels (replacement of diesel by natural gas, for example, at the Galdácano and Páramo de Masa factories).



F17	Electricity (MWh)	Fuel (t)	Gas (m³)	Total energy consumption (GWh)
CH	15,946.0	96.0	-	17
DE	20,151.4	1,141.1	522,410.9	39.0
TS	46,418.4	4,901.3	7,274,971.0	184.1
Total	87,391.5	6,353.3	8,569,578.2	256.2

F18	Electricity (MWh)	Fuel (t)	Gas (m³)	Total energy consumption (GWh)
CH	13,308.0	99.0	-	14.4
DE	25,919.7	468.8	595,222.1	38.0
TS	47,531.1	5,778.5	7,659,581.5	199.5
Total	92,109.3	6,434.2	9,198,469.5	268.9

F19	Electricity (MWh)	Fuel (t)	Gas (m <sup>3</sup> )	Total energy consumption (GWh)
CH	14,371.0	165.0	-	16.3
DE	18,967.9	1,085.6	547,138.6	37.5
TS	45,208.6	5,406.3	7,515,311.0	191.3
<b>Total</b>	<b>82,201.7</b>	<b>6,663.9</b>	<b>9,056,983.4</b>	<b>260.0</b>



## Water

Water consumption at production centers is shown on the attached tables for the fiscal year considered in this report, and the two preceding years. Most of MAXAM's centers extract water from wells, supplemented in some cases with water from industrial or domestic networks.

**Improvement actions related to water consumption focus on avoiding unnecessary losses during cleaning work, or reductions in process consumption by optimizing and recirculating cooling water.**

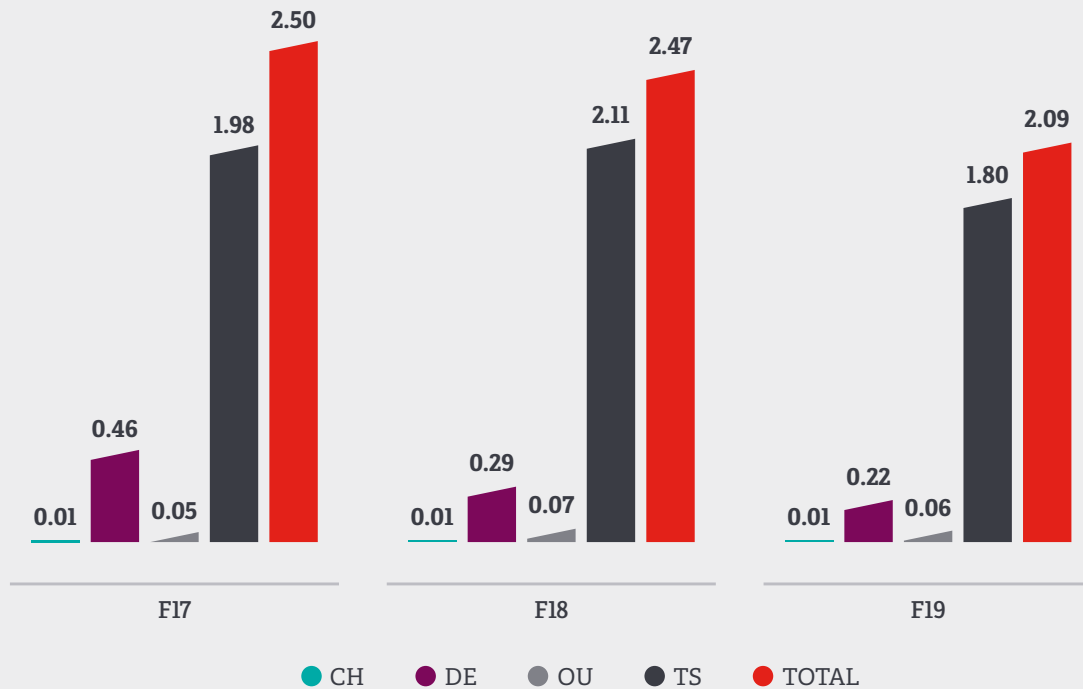
**When compared to previous years, F19 data shows a reduction in consumption of close to 12%.**

Processing systems are available for the treatment of process waters to eliminate polluting components. Examples include pretreatments for the recovery of solvents in the production of gunpowder (factories in Murcia and Galdácano, Spain); reverse osmosis pre-treatment (Mazingarbe factory, France); recovery of solvents from primary explosive water (Páramo de Masa, Spain); recovery of acids used in nitration processes (factories in Murcia and Páramo de Masa, Spain); solids filters (packaged explosive plants).

Sewage water is usually discharged by filtering into the ground following treatment in septic tanks, except for centers that have a connection to a public sewerage network.

Discharges are made into collector networks or public waterways, or they are contained in evaporation ponds if the discharge is not of high enough quality to be released into the environment (e.g., Santivañez, Bolivia; Páramo de Masa, Spain; Roodeport, South Africa).

## Water consumption (hm³)



## Biodiversity

Most of MAXAM's industrial facilities are in unpopulated areas, in the vicinity of rural areas, or located at industrial and mining activity sites; and are not found in protected areas or areas of great biodiversity value.

The Tcharkovo site (Gabrovo, Bulgaria) is located in the Balkan National Park area, which is the property of the Bulgarian Environment Ministry.

Many of MAXAM's factories, due to their location and their limited environmental impact, contribute to preserving and favoring the growth of forests. The "El Gordo" facility, located in Extremadura, includes 290 hectares of grassland, where species like holm oaks and kermes oaks predominate. In Galdácano, in the Basque Country, the natural landscape of the factory occupies a total of 387 hectares with the presence of different species of hardwoods such as acacias, ash, oak, maples, bananas and birches, and associated fauna such as deer, wild boar and foxes.

At the Páramo de Masa factory in Burgos, the area covered by forest is 1,000 hectares, of which more than 200 hectares are the result of the

soil analysis and reforestation project run by MAXAM over the last 15 years. The established forest area has 300 hectares of pine forests (Scots pine and Black pine) and 90 hectares of gall oak. The rest of the land is occupied by scrubland, gall oaks and holm oaks and shrubby grasslands. Another important aspect about the natural area around the Páramo factory is the creation and maintenance of wetlands in the surroundings of the sources of the Hontomín and Ubierna rivers. In a complementary manner, the Páramo de Masa site specifically contributes to the maintenance of biodiversity through an activity that takes place on around 70 hectares, where the Losino horse (a small horse or pony native to the Region of Castile and Leon) is protected and encouraged to breed.

Other MAXAM activities, such as the Hernshaw factory in West Virginia in the USA, also demonstrate environmental friendliness and integration. This factory conserves 75% of the land covered by natural forests, which are composed of over 35 species of trees listed by the West Virginia Division of Forestry.





## Climate change and emissions

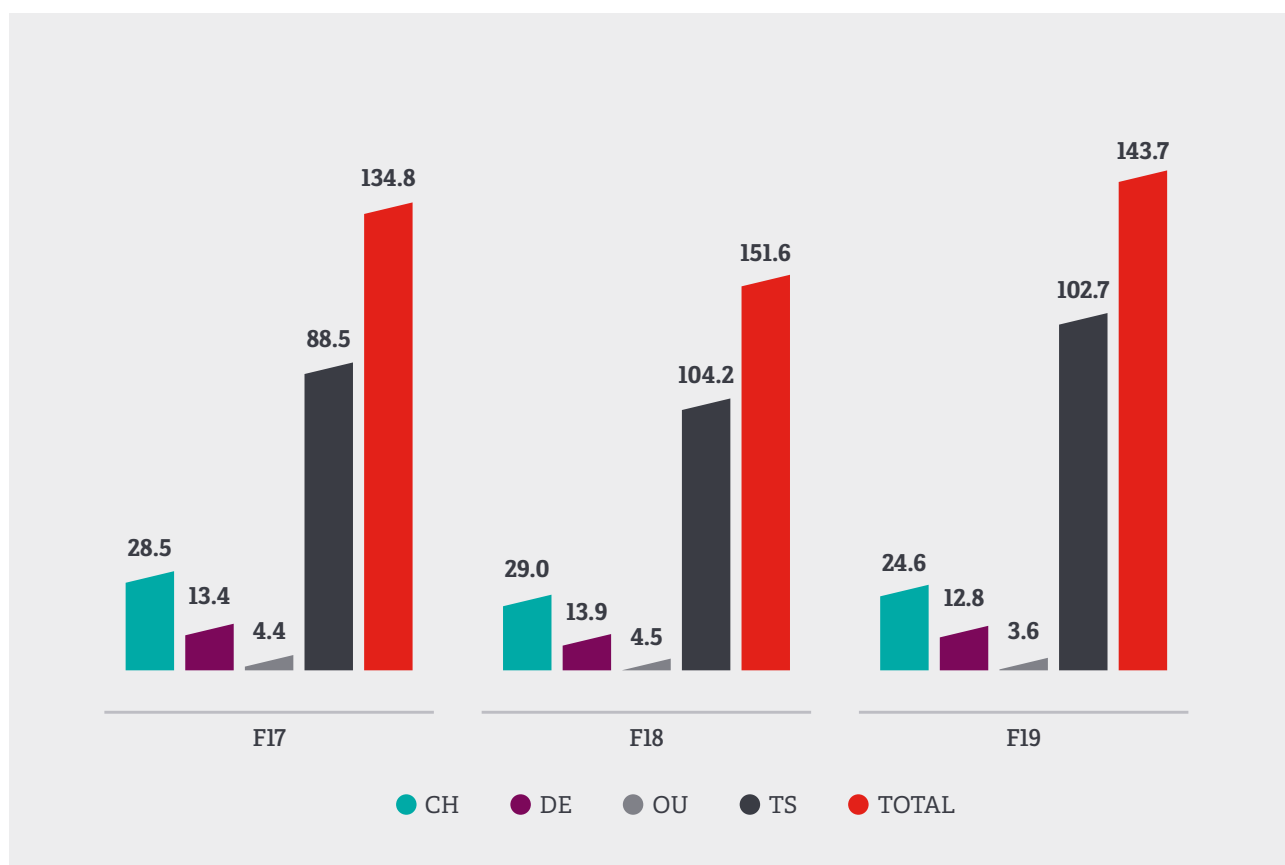
Regarding emissions related to climate change and carbon emissions, MAXAM's nitric acid manufacturing plants in Europe are affected by the application of the European Union Emissions Trading Scheme (EUETS).

Nitric acid production causes the emission of  $N_2O$ , a gas whose greenhouse effect is 296 times that of carbon dioxide. For the calculation, these emissions are converted into t of  $CO_2$  equivalent, also including  $CO_2$  from the supplementary fuel that is used.

The NITRICOMAX (La Canonja, España) and MAXAM TAN (Mazingarbe, France) plants sell or purchase carbon emission rights (EUA) corresponding to the calendar year, and they are delivered in April of each year. The attached table shows the verified emissions of both plants by calendar year.

		2016 GHG t $CO_2$ equiv	2017 GHG t $CO_2$ equiv	2018 GHG t $CO_2$ equiv
CH	NITRICOMAX (La Canonja)	22,315	18,210	24,054
TS	MAXAM TAN (Mazingarbe)	27,339	41,475	54,022
	<b>TOTAL</b>	<b>49,654</b>	<b>59,685</b>	<b>78,076</b>

In addition, the attached table shows the data on emitted carbon, expressed as  $CO_2$  equivalent (kt  $CO_2$ -eq), calculated based on natural gas and fuel consumption and estimated based on electricity consumption.



(1) Greenhouse Gases.

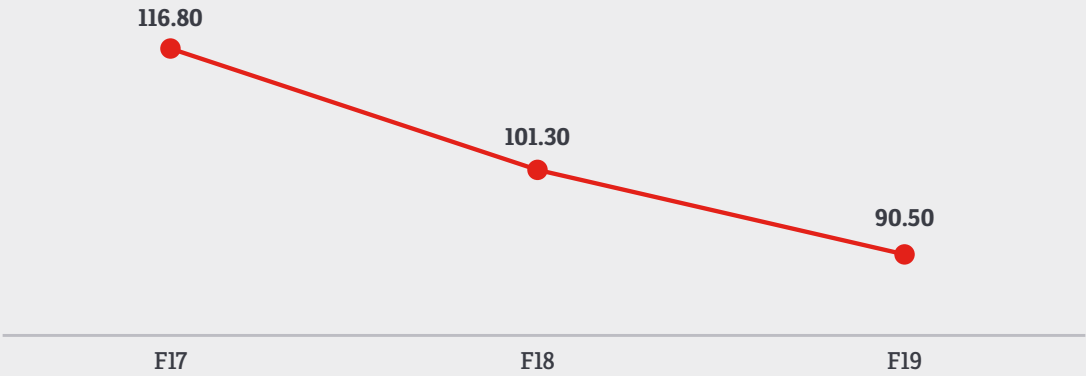
Carbon emissions associated with freight transport and logistics are estimated at 27.2 kt CO<sub>2</sub> for the 2019 fiscal year, corresponding to 0.6 kt CO<sub>2</sub> equivalent for company vehicle fuel consumption, and 26.6 corresponding to third party transportation activities (product logistics and raw material stockpiling).

Studies aimed at optimizing the use of energy (and therefore carbon emissions), sponsored by the Center for Research on Optimization of Extraction and Operation Resources (CR-ORE, Australia), allow us to estimate that the optimized use of explosives can consume up to three times less energy than simple mechanical excavation. These estimates have been corroborated by MAXAM application experts ("Optimization of blasting: economic and environmental improvements J.A. Pascual, in Contemporary technical civil engineering, mining, geology. "Role of explosives in mining operations". F. Lobo, J.A. Pascual, J. F. Domingo, M. López Cano, J.M. Fuentes, in the Journal of the Economic Studies Institute).

In addition to carbon emissions, nitrogen oxides (NO<sub>x</sub>) are emitted from plants that perform nitration processes or produce nitric acid. The plants considered this parameter were those at Mazingarbe (France), Javalí Viejo (Murcia, Spain), Páramo de Masa (Burgos, Spain) and La Canonja (Tarragona, Spain). The total aggregate emission for the current fiscal year, and the previous 2 years are shown in the attached table.

As an opportunity for MAXAM's activity, related to the reduction of carbon emissions, it should be noted that the products and systems used for blasting in mining, quarries and construction offer high energy without significant carbon emissions, compared to the emissions produced by the use of mechanical machinery to do the same work. The use of energetic materials can reduce carbon dioxide emissions by up to 8 times compared to digging by mechanical means, and up to 40 times that of rock crushing by the same means.

**NITROGEN OXIDES (t NO<sub>x</sub>)**





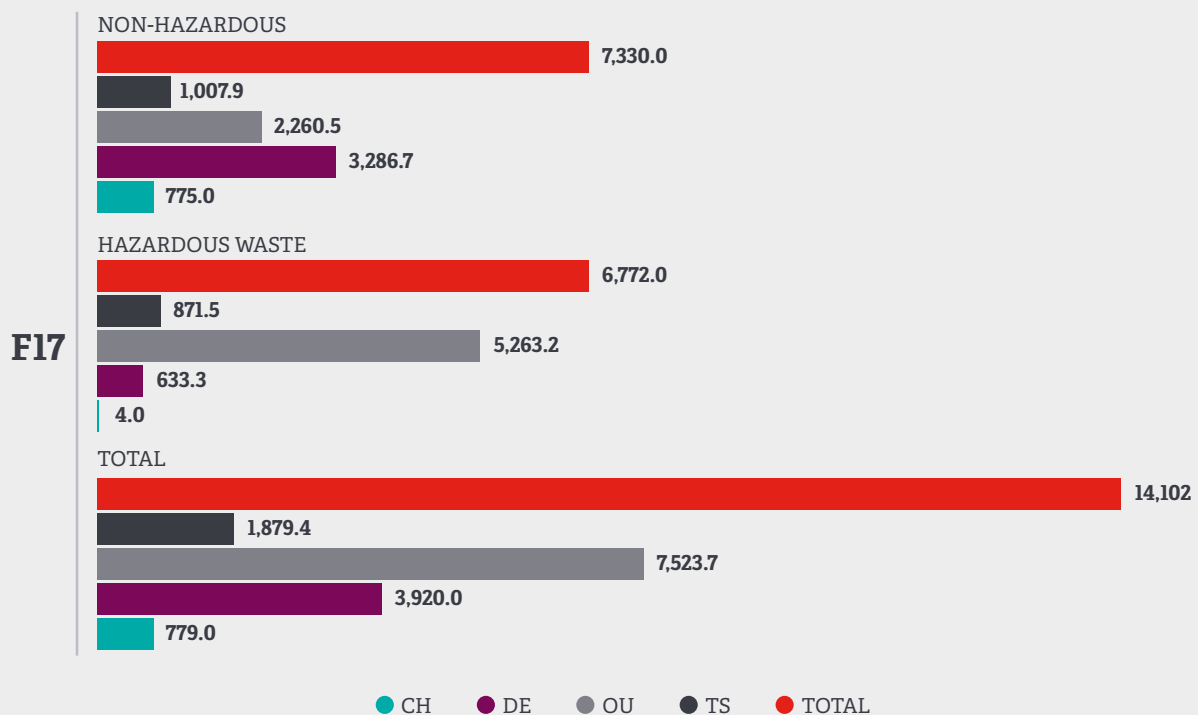
## Circular economy and waste management

The waste generated by MAXAM's activities is identified, classified and managed according to its hazardousness. Waste is identified, classified, stored and managed in accordance with its hazardousness and pursuant to applicable legislation.

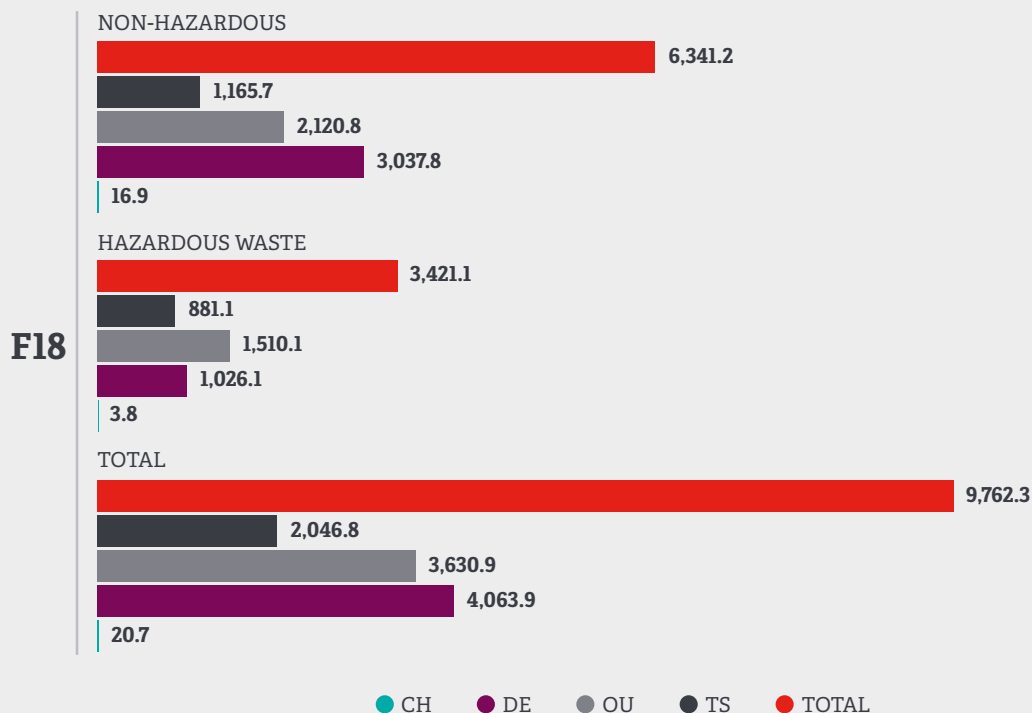
Hazardous waste includes explosive waste, which is reused, rendered inert or destroyed, in accordance with applicable legislation, and other hazardous waste containing hazardous chemical substances; oils and fats; paints and solvents.

Non-hazardous waste includes demolition or construction waste; metal waste; used paper and cardboard; plastics.

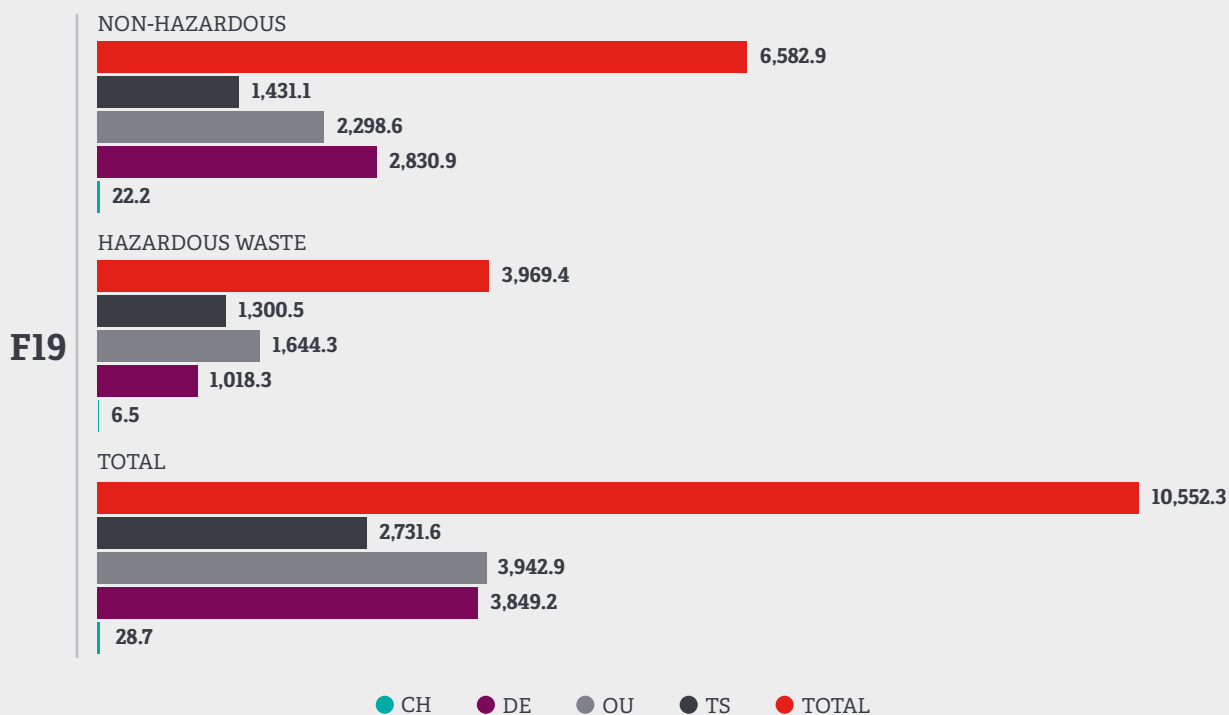
### Waste (t)

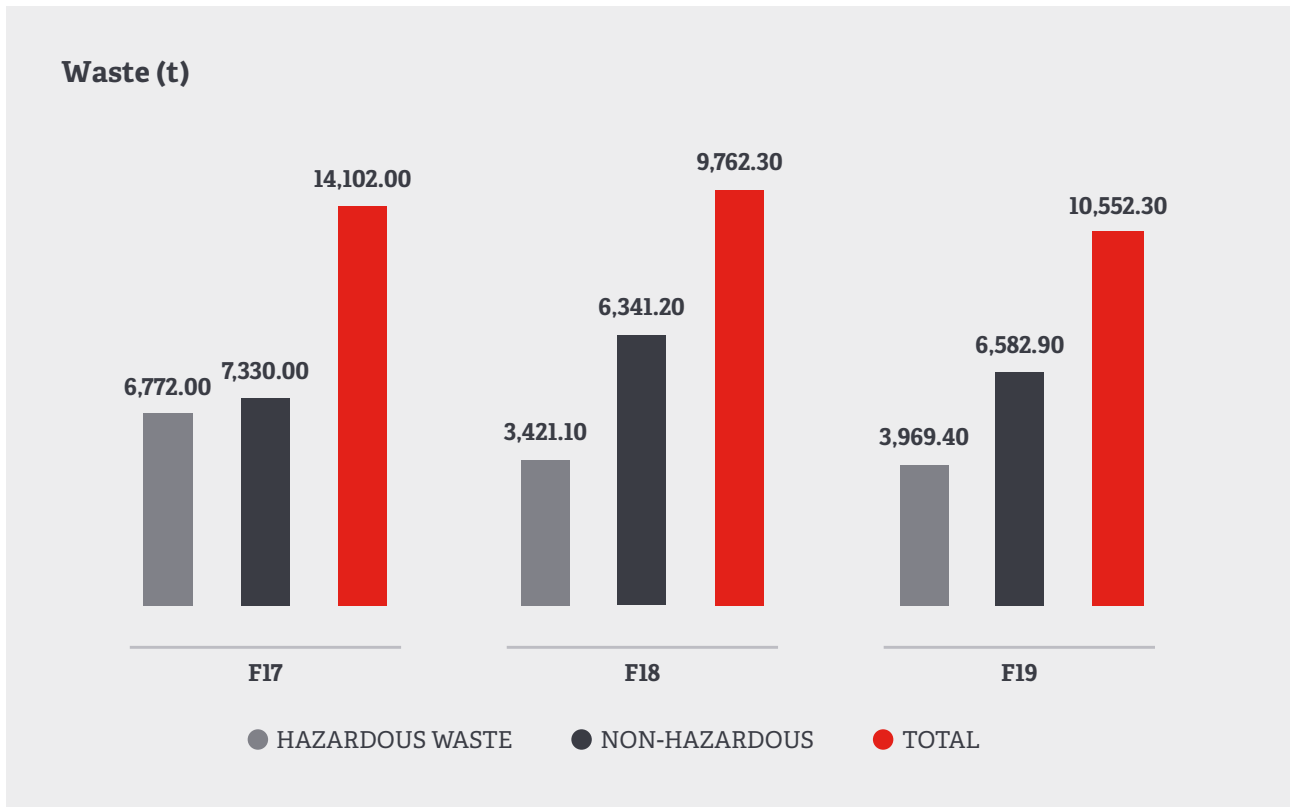


## Waste (t)



## Waste (t)





As already indicated in the section on life cycle and environmental assessment, the majority of products and services provided by MAXAM, due to their purpose, cannot be reused or recycled at the end of their useful lives.

With regard to the waste generated, the application of the 3R criterion is promoted at all MAXAM plants: reduce, reuse and recycle. These strategies, together with raising awareness among all personnel through explanatory brochures, enable us to make progress in reducing waste generation. According to the attached data, when F19 and F17 results are compared, there is evidence of a 25% reduction in the total amount of waste generated, and a reduction of more than 40% in terms of hazardous waste.



## Incidents and compliance in F19

Environmental incidents are classified according to their severity and their actual or potential impact on the environment. Relevant incidents involve or may have an effect on the surroundings, or may result in a fine or penalties. Non-relevant incidents are those that do not affect the site's surroundings, and these can be resolved without significant resources or costs.

Regarding legal compliance, over the last 3 years certain occasional complaints have been received from administrations, relating to temporarily exceeding emissions and the management of permits or licenses, with administrative penalties not in excess of € 50,000.

The following table shows the evolution of environmental incidents reported at all MAXAM sites around the world.

	F17	F18	F19
<b>Non-relevant incident</b>	76	78	58
<b>Relevant incident</b>	4	6	3
<b>TOTAL</b>	<b>80</b>	<b>84</b>	<b>61</b>

A reduction of over 20% can be seen in incidents between F17 and F19, both in the total number of incidents and in relevant incidents.

For the entire F17-F19 period, by type of incident: 60% correspond to spills, 11% to product leaks from facilities during handling or transport; 6% correspond to incidents of emissions into the atmosphere; 6% to final discharges; 4% correspond to fires.

In order to reduce these incidents, the Environmental Good Practices (Good Practices) have been reviewed and updated to promote the proper handling of products to prevent spills, as well as the correct maintenance of the facilities (through the Maintenance Basics ) to prevent leaks.

Aspects relating to customers, the market and suppliers, including product stewardship, can be consulted in the next section of this document.



A person wearing a white lab coat with the 'MAXAM' logo on the back is walking away from the camera down a laboratory hallway. The hallway has a large clock on the wall and various pieces of equipment. The right side of the image is overlaid with a solid red color.

## **Excellence in operations and quality of service for customers**

At MAXAM we are committed to continuously improving our products, services and solutions, by optimizing the efficiency and effectiveness of our processes. To do this, our teams of professionals work alongside customers, suppliers and distributors throughout the entire value chain.

## A robust Industrial Excellence System

MAXAM has a highly competitive global footprint and industrial capabilities that guarantee agility and flexibility in customer service. With more than 80 industrial facilities on 5 continents, we follow our customers wherever they are growing.

In F19, the Company worked on the roll-out of 5 new production centers in China, Southeast Asia, Australia and Latin America.

With the aim of guaranteeing the industrial excellence of the organization, taking into account global growth and the diversification of the network of production facilities,

**MAXAM has its own Industrial Excellence System (IES), consisting of a set of management tools and continuous improvement dynamics.**

In addition to the improvement measures that we have traditionally implemented in our production network (through investments, acquisition of new machinery and/or development of new products/services), the IES model opens two new paths for improving our production network:

Organization of MAXAM's plants in autonomous teams focused on continuous improvement and provided with the information, communication channels, tools and resources necessary to manage the problems and carry out the pertinent actions.

Carrying out specific projects aimed at improvement, studying cross-cutting processes (those involving various departments/areas) and identifying and eliminating activities of no value.

The model relies on workers' motivation and involvement to achieve the quality of the product/service and the swift response time required by customers, ensuring occupational health and safety, respect for the environment and production cost efficiency at all times.

The IES eliminates unnecessary activities from our processes to make us faster, more flexible, cost-efficient so that we can offer better quality to the customer.

**F19 has marked the beginning of the systematic implementation of the IES model in MAXAM's footprint, reaching all 23 production facilities.**

A structured plan has also been carried out for evaluations and self-assessments of the industrial excellence model at more than 20 production facilities to trace progress and continuous improvement in the implementation of the model.

For this purpose, the following pillars are taken into account: safety culture, workers' enthusiasm level, flow efficiency, industrial efficiency, total quality and operational excellence.

- Through more than 80 industrial facilities on 5 continents, MAXAM follows its customers wherever they are growing. In F19, MAXAM began to systematically deploy its proprietary Industrial Excellence model (IES).



Also at F19, an ambitious training program has been launched, aimed at standardizing basic knowledge of the subject among work teams at the plants. The following were carried out:



## 30 IES Schools

(aimed at all levels of the factory staff), through which

**456 participants have passed**

## 8 Team Leader Training sessions

**94 team leaders** trained

## 3 Supervisor Training sessions

in which **56 employees** have participated

During F20, MAXAM will continue with its roll-out plan, audits and training, while also working to take advantage of the maturity of the model to improve the competitiveness of the products we offer our customers.

### A Supply Chain model tailored to meet customer demand

At MAXAM, we stepped up our Supply Chain Optimization efforts during F19, with the aim of ensuring efficient, secure and timely delivery to our customers and operations.

The key to this is anticipation: preparing the Company to anticipate the needs of customers, synchronizing demand with the inventory, supply, resources and strategic planning activities. We work to ensure that customer requirements are converted into an operational plan and the capacity to deliver materials, work equipment, assets and production facilities.

### Global suppliers management

MAXAM has more than 15,000 main suppliers, including manufacturers, distributors, transport companies, maintenance services and skilled labor, distributed all over the world.

Currently, 54% of MAXAM's suppliers are European, 13% are in Asia and the rest are distributed between Africa, the United States, Oceania and South America. To strengthen the efficiency of this network, a network of local suppliers has been developed in countries where the Company has a strategic presence such as China, Chile, the United States, Turkey and Eastern Europe.

MAXAM provides to its suppliers and contractors its Corporate Quality and Environmental Policies, as well as the mandatory requirements for quality, environmental and energy, as well as for prevention of occupational hazards, for physical safety and access.

These requirements include compliance with the environmental regulations that apply to the scope of the contract. These requirements were updated during the current fiscal year F19.



The document "Requirements for the Prevention of Occupational Hazards, Environment, Safety and Quality for Suppliers" is considered part of all contractual agreements. This document is available on the Company's suppliers website through a specific web page called providers ([www.maxam.net/providers](http://www.maxam.net/providers)).

Over the last 2 years, the corporate function of Supplier Development and Qualification has been developed to ensure that the suppliers included in the list of qualified suppliers are aligned with MAXAM's business needs. This function has set up a system for auditing and evaluating suppliers. In order to determine their criticality (high, low or medium), the following risks have been considered:



**Breach of legal and contractual requirements and obligations.**

**Supply risk.**

**Impact on products and services or markets.**

**Operational risks.**

**Economic and financial risks.**

**Reputational risk.**

**Risk of information security breaches.**

**Environmental impacts.**

**In November 2018, a new procurement procedure was approved for the effective introduction of environmental, financial, technical and ethical assessment criteria, in addition to commercial (price) criteria. This procedure applies to the entire Company, including its subsidiaries, and it encompasses the mechanisms in place for the preliminary assessment of the supplier, the standardized tools (questionnaires) for the collection of information and the subsequent workflows according to the level of criticality set, assigning specific requirements for approval to each supplier category.**

In the event of incidents, non-conformities or breaches by a supplier, the latter must immediately notify MAXAM, which will take the appropriate corrective measures.

During F19, the following targets were achieved:

**Progressive approval of high criticality suppliers according to the new procedure, with 20.4% of the total now approved.**

**Training and awareness-raising across the organization on the critical importance of correct supply chain management and the introduction of other factors such as quality, financial solvency, supplier's ethical commitments, and not just price, when making contracting decisions. Specific training courses were held, covering the most relevant countries from the point of view of purchasing: Spain, South Africa, Russia and China.**

## **Guardianship of the product, traceability and customer satisfaction**

MAXAM has a corporate procedure for product protection, which defines the process of preparing, reviewing, approving and distributing technical documents for the customer, including products, systems, services and global solutions.

This procedure affects the user manuals, product datasheets and safety data sheets (in accordance with EU requirements and the local requirements of each country in which the products are imported, manufactured or marketed). It also regulates the issue of the certificates of conformity that may be required.

The safety data sheets are reviewed systematically for compliance with current regulations (GHS, CLP, REACH Regulation).

The guidelines for handling and using substances include applicable legal obligations and sectoral recommendations.

The substances manufactured or imported and marketed within the European Union comply with the REACH regulations, and in 2018 the registration of substances imported or manufactured pursuant to that regulation was completed.

Regarding the traceability of each product, MAXAM has been a pioneer in accomplishing the scope of the requirements of the European directive on traceability in the manufacture and marketing of explosives in Europe (EU 2012/04 / EU).

**The results for F19 consisted of a total of 271 complaints or relevant claims from external customers. This figure represents a 30% reduction in the number of complaints compared to figures from previous years, and the closure rate or management efficiency of these was also improved by 27%.**

## Complaints and claims

Complaints and claims received from customers, including distributors and end users, where applicable, are identified, evaluated, classified and managed in accordance with the corresponding corporate procedure.

Complaints and claims received are classified according to their impact on product specifications, including safety, their economic repercussions or the importance for the customer or the market.

In addition to complaints and claims from customers or external consumers, complaints or claims between MAXAM's subsidiaries are identified and managed following the same process.



A woman with dark hair and red-rimmed glasses is shown in profile, focused on painting a portrait of a young child. She is wearing a white long-sleeved shirt. In front of her is a palette with various colors of paint, and a blue water bottle is visible on the table. The background is slightly blurred, showing more art supplies. The right side of the image has a teal overlay containing text.

## Social contribution to the communities in which the Company operates

As part of its sustainability strategy, social action at MAXAM is channeled through the MAXAM Foundation. The objective of the Foundation is to contribute to the development, progress and well-being of our society by holding civic, social, educational, cultural, scientific and artistic activities and promoting research and technological development. Its actions are based on dialogue with public and private institutions, entities and associations in the environment in which the Company carries on its business.



The MAXAM Foundation is a member of the Spanish Association of Foundations, which allows it to keep up with trends and make contacts for sharing knowledge and working together.

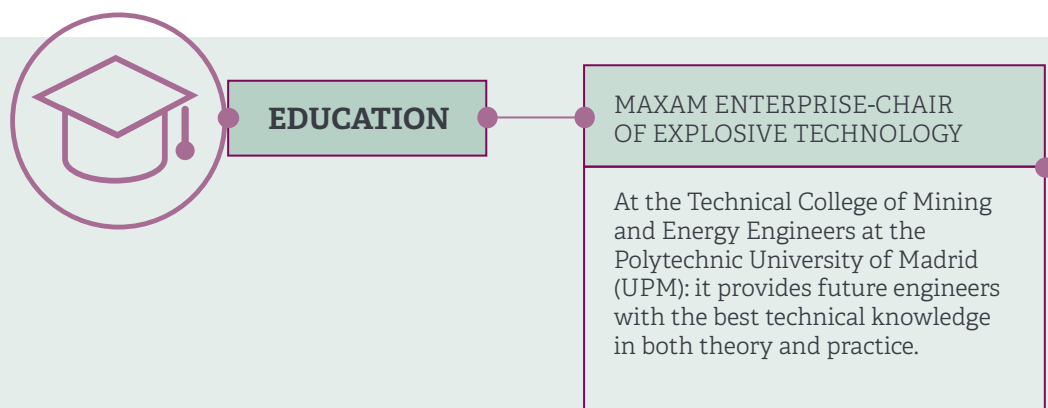
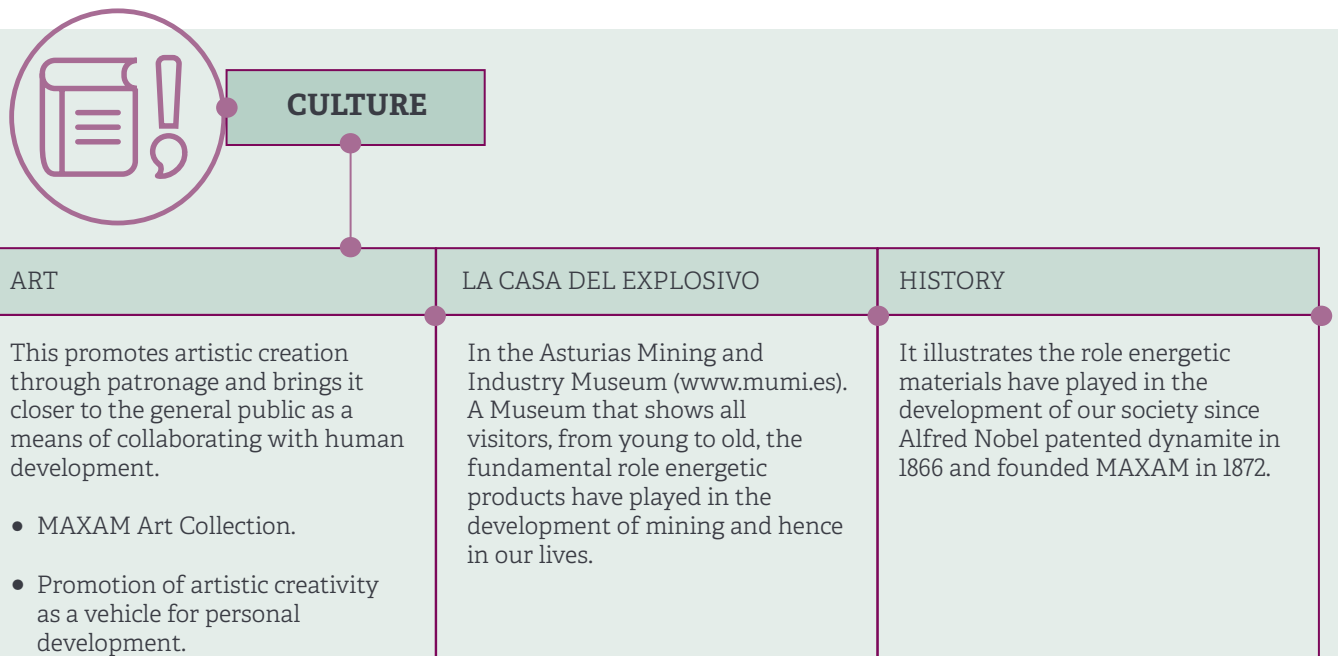


The self-regulatory framework for its management and operation is as follows:

- The MAXAM Code of Ethics.
- The 10 Principles of the United Nations Global Compact.
- The 2030 UN Sustainable Development Goals.

Its Board of Trustees is made up of 8 members and is chaired by José Fernando Sánchez-Junco Mans (Chairman & CEO of MAXAM). The Foundation's executive work in 2019 has been carried out by the Managing Trustee, Rafael López-Sors González, with the help of an assistant.

The Foundation's activity is based on two pillars: culture and education.



## Commitment to culture

### MAXAM Art Collection

This year a new piece has been added as a result of the commission given to the painter Alfonso Albacete to illustrate the 2019 calendar. The artwork, *Vanitas*, was presented to the public at an exhibition at the *Museo Lázaro Galdiano* (Madrid), which opened on 30 October 2018 and remained open to visitors free of charge until 18 November. The painter's work accompanied previous pieces from the Collection (started in 1899), revealing and tracing the creative process from the commission to the final completion of the artwork. All items were included in a catalog that has been distributed among the art and museum community, and which is also available online on the Foundation's website ([fundacionMAXAM.net](http://fundacionMAXAM.net)).

Furthermore, in October and in collaboration with *Fundación Down Madrid*, the III MAXAM Painting Competition for intellectually disabled persons was launched. More than 45 artists from different parts of Spain took part, and their works were part of the exhibition which, with the collaboration of the Spanish Association of Painters (AEPE), was opened at the Cultural Center *Casa de Vacas* in Parque del Buen Retiro (Madrid) in March 2019, which could be visited free of charge until the end of the month.

At the same time, Fundación MAXAM donated €7,347 to *Down Madrid*, an amount collected from the coffee vending machines at MAXAM's headquarters in Madrid.

In November, the Andalusian Center for Contemporary Art (CAAC) opened a show dedicated to artworks created by Alfonso Albacete over the last 30 years, sponsored by Fundación MAXAM. The collaboration was aimed at designing and printing the catalog of the exhibition (which included texts by important art critics, such as Mariano Navarro and Bea Espejo). The exhibition remained open to the public until 6 March 2019.

In F19, we also collaborated by lending artworks from the MAXAM Art Collection for temporary exhibitions organized by the Museum of Fine Arts of Badajoz ("*Julio Romero de Torres. Pintor de almas*", 15 March - 26 May 2019), the Carmen Thyssen Museum in Málaga ("*Perversidad. Mujeres fatales en el arte moderno (1880-1950)*", 30 March - 8 September 2019) and the Spanish Association of Painters, AEPE ("*Escultura*", 4 May - 14 July 2018).



MAXAM Painting Collection

We also collaborated with this organization as sponsor of the 85th edition of its Salon de Otoño competition, held between 1 and 25 November at the Cultural Center *Casa de Vacas* (Parque del Retiro, Madrid). An exhibition of more than 60 works from the almost 300 that were submitted.





## La Casa del Explosivo

MAXAM and the Museum of Mining and Industry of Asturias (MUMI) collaborate to make possible the *La Casa del Explosivo*, a section that narrates the beginnings of this industry, its progression within the chemical sector and its role in the development of mining in the region at the end of the 19th century. In 2018, it was visited by more than 60,000 people.

The MAXAM Foundation has a representative on the Board of Trustees of the Museum. In addition to the financial contribution made by the MAXAM Foundation to the Museum to help with maintenance costs, it has also financed the design and printing of 2,500 copies of its official calendar for 2019 and continued with the management of its website ([www.mumi.es](http://www.mumi.es)).

## Other cultural collaborations

In 2018, we collaborated with the local authorities of Galdácano, the town where MAXAM was founded as a company in 1872 and where one of its most important factories is still operating. We also collaborated with the Labayru Foundation in the production of the documentary "Industrialization in Galdakao". In its thirty minutes of screening, and in the book published jointly, there are many images from MAXAM's historical archive managed by the MAXAM Foundation, given on loan for the production.

## Promotion of Education

### MAXAM Chair

**The MAXAM Foundation contributes to fostering quality higher education with the MAXAM Chair in Explosive Technology at the *Escuela Técnica Superior de Ingenieros de Minas y Energía* (ETSIME) at the *Universidad Politécnica de Madrid*. The aim is to facilitate knowledge, dissemination and training on any aspect of explosives (properties, manufacture, transport, storage, use and applications).**

The Chair, established in 2002, enables students from universities in other countries to finish their engineering studies at ETSIME. Both they and their Spanish colleagues can start their practical training at MAXAM's facilities and then continue their careers with the options the Company offers around the world.



In 2018, extensive work was done within the framework of the MAXAM Chair in Explosive Technology and, in the 2017-2018 academic year, two students from the University of Anhui (China) completed their studies at the ETSIME.

At the same time, two theoretical seminars were held for students, "Blasting as an energy optimization strategy" and "Tunnels and indoor mining". The former also involved an information session on the possibilities of entering the labor market via MAXAM.

The academic collaboration also included the financing of the MAXAM Awards for the best project related to energetic materials for both undergraduate and Master's students, as well as the organization of a practical training trip for students to MAXAM's factories in Galdácano (Vizcaya) and Páramo de Masa (Burgos).

The collaboration between the MAXAM Foundation and ETSIME also focuses on joint publications. Last March *Minerals* was launched, with a print-run of 2,000 copies, also available in digital format on the web. The magazine explains the history, practical uses and main deposits of metals, minerals and materials worldwide, such as gold, copper or coal.






In addition, on a monthly basis, the Don Felipe de Borbón y Grecia Historical-Mining Museum publishes *Soluciones de Voladura* ("Blasting solutions"), informative leaflets written for all audiences, explaining the processes for extracting minerals from the earth, metals and materials that we need in our day-to-day lives.

## Local projects: MAXAM social action around the world

Continuing with the work of previous years, in F19 MAXAM has continued to collaborate with various local entities in the different countries in which it operates.

The following table summarizes the Company's main actions in the last fiscal year according to the different locations, the number of beneficiaries and the amount invested<sup>(1)</sup> in each one.

All the projects promote local development and address the basic needs of the population.

 LOCATION	 ACTION	 BENEFICIARIES	 AMOUNT INVESTED	 COLLABORATING ENTITY
Cochamba, BOLIVIA	Donation flood victims Tupiza and Tiquipaya.	<b>97 families</b>	<b>50,094 Bolivian pesos</b>	Direct implementation within the Aporta Project (MAXAM FANEXA)
	Donation Children's Day 2018 Santiváñez schools (school supplies).	<b>13 schools 591 children</b>	<b>48,762.35 Bolivian pesos</b>	
	Donation Regional Centre for Rural Women Workers of Santiváñez (foodstuffs).	<b>50 women</b>	<b>9,791 Bolivian pesos</b>	
	Donation Casa de los Niños (food and school supplies).	<b>235 children 97 families</b>	<b>29,898.53 Bolivian pesos</b>	
	Donation recycling material and miscellaneous from Santiváñez Plant (material that is no longer useful in the production process for recycling).	<b>Different institutions:</b> schools, military units, etc.	n.d.	
Seville, SPAIN	School agendas for primary and secondary students with information about the role mining plays in our society.	<b>3 schools</b>	n.d.	AMINER (Association of Research, Extraction, Mining and Metallurgical Transformers, Auxiliaries and Services Companies)
Ulaanbaatar, MONGOLIA	Support for children from vulnerable social groups (donations for the welfare of children raised in the kindergarten managed by the Veloo Foundation).	<b>132 children</b>	<b>USD 10,000</b>	Veloo Foundation

(1) In most cases, the amounts are itemized in local currency.

The total, stated in euros, has been calculated according to the exchange rate at 31 March 2019.

LOCATION	ACTION	BENEFICIARIES	AMOUNT INVESTED	COLLABORATING ENTITY
Omnogobi, MONGOLIA	Public service for the local community, supporting the socio-economic development of the district (health and medicine, education, school, day-care center, sports and organization of various events and other contributions in kind for families in need).	All citizens of the Khanbogd Soum	6,800 euros	Khanbogd Soum City Office
Santa Cruz de Cocachacra, Huarochirí, PERU	CHILDREN'S DRAWING AND PAINTING COMPETITION	150 children	2,000 USD	José María Arguedas Emblematic School
			<b>TOTAL<sup>(1)</sup>: 42,954 euros</b>	

(1) The total, stated in euros, has been calculated according to the exchange rate at 31 March 2019.

**Also in F19, MAXAM participated in the "Talent Rescuers" program organized by the Fundación Princesa de Girona, of which MAXAM is a member. The aim of the program is the promotion of youth employment by learning different skills, such as communication or the capacity for innovation.**

MAXAM's Business Units are also members of different sector associations and initiatives around the world and sponsor corporate projects related to their field of activity, such as the Spanish Army Awards or the celebration of Armed Forces Day in Colombia, supported by EXPAL in F19.

**295,081 euros**  
contributed to associations, foundations, donations and sponsorship in F19

Moreover, in the different productive centers and operations that the Company has around the world, MAXAM has a fluent relationship with the local community, generating a positive

impact in terms of direct employment and contributing to its development. In F20 it is set to work on increasing the mechanisms for recording and reporting on these relationships with the community.

### **Actions for the future**

In terms of culture, the MAXAM Foundation is working on:

- The cataloging and documentation of pieces from the MAXAM Art Collection to establish more meaningful relationships with institutions and figures from the academic and museum world dedicated to studies, exhibitions and the dissemination of this art in areas such as poster design, figurative art and patronage.
- In the proposed exhibition that will showcase new work in the Art Collection and the image of the coming MAXAM almanac (annual edition).
- With the MUMI, in the museum integration of new pieces in *La Casa del Explosivo*.

In education, more ambitious projects are being designed with ETSIME to collaborate in the theoretical and practical training of future mining engineers.

- In MAXAM's production and operation centers throughout the world, a fluid relationship is established with the local community, generating a positive impact in terms of direct employment and contribution to its development.



# 4

## GOOD GOVERNMENT

MAXAM's governance structure is organized to ensure the proper segregation of functions, duties and responsibilities based on the following bodies:



## Board of Directors

At the date of this report, the Board is composed of ten directors. The seniority of the directors varies between 2 and 26 years. The Chairman of the Board, José Fernando Sánchez-Junco, is also the chief executive.

The directors are appointed by the General Meeting of Shareholders.

The Board applies the principles of transparency and abstention to prevent conflicts of interest in the governing body. When drafting the annual accounts, a section is dedicated to commenting on possible situations of conflict in application of the Spanish Corporations Act (Law 31/2014).

Directors receive a monthly report on the evolution of the Group during the previous month and the annual cumulative report, which includes the main economic-financial and business indicators, as well as information on the main corporate development projects.

The various Business Units, the Corporate General Managers and the Internal Audit mechanisms identify the matters to be resolved by the Board. The corresponding Steering Committees are referred to the Board, either directly by means of a Report by the CEO or the CFO or after passing through the Audit Committee.

This governing body entrusts the Management Team and other qualified teams with the main executive, functional and managerial responsibilities, defining their roles and responsibilities, as well as their place in the corporate organization (hierarchical and functional reporting) and, where applicable, subject to the conferral of the corresponding powers.

MAXAM's directors have received training on the Code of Ethics, the compliance program and the criminal risk prevention model. Every quarter, they are informed about the matters dealt with at the meetings of the Executive, Audit and Remuneration and Appointments Committees.

## Board committees

MAXAM's Board of Directors has an Executive Committee, with the delegation of general decision-making powers, and two specialized committees for specific areas (the Audit Committee and the Appointments and Remuneration Committee), with powers to provide information, advice and proposals, supervision and control.



### Executive Committee

It has been permanently delegated all powers of the Board. It meets in the months when the latter does not meet (except in August). It is made up of six directors, three at the proposal of each of the two groups of shareholders. The seniority of the members of the Executive Committee ranges between two and thirteen years.



### Audit Committee

It is responsible for internal control and reporting and submitting proposals to the Board in relation to the accounting-financial, occupational, environmental and health security and compliance areas. It meets three times a year and is made up of three directors: two representatives at the proposal of the minority shareholder and a third member at the proposal of the majority shareholder. The seniority of the members of this committee ranges between seven and thirteen years.



### Appointments and Remunerations Committee

It is responsible for reviewing and submitting proposals to the Board/Committee regarding appointments and remuneration of senior management. Its meetings are held on a quarterly basis. It is made up of four directors, two at the proposal of each shareholding group. The seniority of the members of this committee ranges between seven and thirteen years.



# APPENDICES

## Annex I

### About this report

This Non-Financial Information Statement uses this first report as a reference, updates figures to F19 and complies with the requirements of Act 11/2018 on non-financial information and diversity. The guidelines and principles of the GRI (Global Reporting Initiative) Standards have been followed for orientation purposes, adapting them to the information the Company has available. This has led to the creation of a report referenced to the GRI Standards, which provides information on the impacts the organization's activities have on its stakeholders and how these impacts are managed.

This Non-Financial Information Statement refers to the activities of the MAXAM Group in F19, ending on 31 March 2019. The scope of the activities described covers all the companies included in the consolidated annual accounts.

The following steps have been taken to prepare this report:



### PHASE I

#### Identification of relevant matters

The preliminary list of matters identified for the preparation of the sustainability report F17, together with the content required by Act 11/2018, have been the starting points for determining the matters to be included in the Non-Financial Information Statement. Its greater or lesser relevance has been qualified in internal debates and in 15 semi-structured interviews with area managers, which have also enabled the inclusion of new matters. The following relevant issues have been identified:

Environment		Stakeholders		Transversal	
Topics	Relevance	Topics	Relevance	Topics	Relevance
Environmental management	HIGH	Health and safety	VERY HIGH	Ethics and integrity	VERY HIGH
Pollution	HIGH	Information transparency	VERY HIGH	Respect for Human Rights	VERY HIGH
Environmental footprint	HIGH	Customer management	VERY HIGH	Well-being of employees	VERY HIGH
Atmospheric emissions	HIGH	Product responsibility	HIGH	Training and career development	VERY HIGH
Energy and efficiency	HIGH	Community and social investment	HIGH	Efficient economic management	VERY HIGH
Climate change	MEDIUM	Supply chain	MEDIUM	Good Corporate Governance	VERY HIGH
Use of natural resources	MEDIUM			Digital transformation	VERY HIGH
Biodiversity	MEDIUM			R&D and innovation	VERY HIGH
				Diversity and gender	HIGH
				Tax transparency	HIGH

The Company has rated the relevance of the different matters with scores between 1 to 5 from representatives of different divisions. The order shown in the table above reflects the average of the different scores according to the following equivalences:

Relevance	Score
LOW	Up to 1.75
MEDIUM	From 1.76 to 3
HIGH	3.1 to 4
VERY HIGH	4.1 to 5



## PHASE 2

### Validation

The Company has reviewed the list of relevant matters to be included in the non-financial information statement, as well as the scope of the information.



## PHASE 3

### Publishing

### Non-Financial Information Statement



## PHASE 4

### External verification



## PHASE 5

### Dissemination

## Annex II

### Table of contents required by Act 11/2018

Issues	Page	Framework used
<b>Business model description</b>		
Business environment.	18, 19	GRI 102-2
Organization and structure.	6-14	GRI 102-18
Markets in which it operates.	8, 9	GRI 102-6
Targets and strategies.	10-13, 22, 23	GRI 102-14
Factors and trends that may affect its future evolution.	19	GRI 102-15
<b>A description of the policies applied by the group with respect to these issues.</b>		
Due diligence procedures applied for the identification, assessment, prevention and mitigation of risks.	20, 21, 23, 32-36	GRI 103-2
Significant impacts and verification and control actions taken.	20, 21, 23, 32-36	GRI 103-1
<b>Policy results</b>		
Relevant non-financial key performance indicators for monitoring and evaluation of progress to favor comparability between companies and sectors.	103-108	GRI 102-54
<b>Main risks linked to the group's activities</b>		
Commercial relations, products or services that could have negative effects.	6-13	GRI 102-2
How the group manages these risks.	20, 21, 23, 32-36, 38, 47-49, 56-59, 67-71	GRI 103-2
Procedures used to detect and assess them.	32-36, 48, 56-59, 68-73	GRI 103-3
Information on the impacts that have been detected and their breakdown, in particular on the main short-, medium- and long-term risks.	10-13, 64, 65	GRI 102-46, GRI 102-47



Issues		Page	Framework used
Information on environmental issues			
Current and foreseeable effects of the company's activities on the environment, health and safety.		62-66, 72, 73	GRI 103-2
Procedures for environmental assessment or certification.		68-70	GRI 103-3
Resources dedicated to the prevention of environmental hazards.		See financial statements	GRI 103-3
Precautionary principle.		68	GRI 102-11
Number of provisions and guarantees for environmental hazards.		See financial statements	-
Pollution.	Measures to prevent, reduce or redress carbon emissions that seriously affect the environment.	79, 80	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4 GRI 305-5
	Any form of atmospheric pollution specific to an activity, including noise and light pollution.	79, 80	GRI 305-6 GRI 305-7
Circular economy and prevention and waste management.	Measures for the prevention, recycling, reuse, recovery and elimination of waste.	81-83	GRI 306-2
	Actions to combat food waste.	Non-significant	
Sustainable use of resources.	Water consumption and water supply in accordance with local restrictions.	77, 78	GRI 303-1
	Consumption of raw materials and measures adopted to improve the efficiency of their use.	74	GRI 301-1
	Direct and indirect consumption of energy.	74-76	GRI 302-1 GRI 302-2
	Measures taken to improve energy efficiency.	74-76	GRI 302-4 GRI 302-5
	Use of renewable energies.	74-76	GRI 302-1

Issues		Page	Framework used
Information on environmental issues			
Climate change.	Important elements of greenhouse gas emissions resulting from the company's activities and from the utilization of the goods and services it produces.	79, 80	GRI 305-1 GRI 305-2 GRI 305-3 GRI 302-5
	Measures adopted to adapt to the consequences of climate change.	79, 80	GRI 201-2
	Reduction targets established voluntarily in the medium and long term to reduce greenhouse gas emissions and the measures taken for this purpose.	79, 80	GRI 305-5
Protection of biodiversity.	Measures to preserve or restore biodiversity.	76	GRI 304-3
	Impacts caused by activities or operations in protected areas.	76	GRI 304-2
Information on social and staff issues			
Employment.	Total number and distribution of employees by sex, age, country and professional classification.	50, 51	GRI 102-8
	Total number and distribution of types of work contract.	52, 53	GRI 102-8
	Annual average of permanent contracts, temporary contracts and part-time contracts by sex, age and occupational classification.	52, 53	GRI 102-8
	Number of dismissals by sex, age and professional classification.	51	GRI 401-1
	Average remuneration and its evolution broken down by sex, age and professional classification or equal value.	See financial statements	GRI 405-2
	Salary gap.	54	GRI 405-2
	The remuneration of equal or average jobs in the company.	54	GRI 405-2
	The average remuneration of directors and executives, including variable remuneration, allowances, severance pay, payment to long-term pension schemes and any other amount received broken down by sex.	See financial statements	GRI 102-38

Issues		Page	Framework used
Information on social and staff issues			
Employment.	Implementation of work disconnection policies.	49	-
	Employees with disabilities.	51	GRI 405-1
Organization of work.	Organization of working hours.	As set out in existing collective bargaining agreements or in accordance with the laws of each country	GRI 401-2 GRI 401-3
	Number of hours of absenteeism.	53	GRI 403-2
	Measures designed to facilitate balance and foster the co-responsible enjoyment of this benefit by both parents.	48, 49	GRI 401-2 GRI 401-3
Health and safety.	Occupational health and safety conditions.	56-66	GRI 403-2 GRI 403-3 GRI 403-4
	Occupational accidents, in particular their frequency and severity, as well as occupational diseases; broken down by sex.	65	GRI 403-2 GRI 403-3
Social relations.	Organization of social dialogue, including procedures for informing and consulting staff and negotiating with them.	49	GRI 402-1 GRI 403-1 GRI 403-4
	Percentage of employees covered by collective agreements by country.	49	GRI 102-41
	Assessment of collective agreements, particularly in the field of occupational health and safety.	49	GRI 403-4
Training.	Policies implemented in the field of training.	42-45	GRI 404-2
	The total number of hours of training by professional category.	53	GRI 404-1
Universal accessibility for persons with disabilities.		These are applied pursuant to current legislation	-

Issues		Page	Framework used
Information on social and staff issues			
Equality.	Measures taken to promote equal treatment and equal opportunities between women and men.	48, 49	GRI 405-1 GRI 405-2
	Equality plans (Chapter III of Organic Law 3/2007 of 22 March on the effective equality of women and men).	48	GRI 405-1 GRI 405-2
	Measures adopted to promote employment.	39, 40	GRI 405-1 GRI 405-2 GRI 413-1
	Protocols against sexual and gender-based harassment, and for integration and universal accessibility for persons with disabilities.	48	GRI 405-1 GRI 405-2
	Policy against all types of discrimination and, where appropriate, for managing diversity.	48	GRI 405-1 GRI 405-2 GRI 406-1
Information on respect for human rights			
Application of due diligence procedures in the field of Human Rights.		32-36	GRI 102-16 GRI 102-17 GRI 412-2
Prevention of the risks of violation of Human Rights and, where appropriate, measures to mitigate, manage and redress any abuses committed.		32-36	GRI 102-16 GRI 102-17 GRI 412-2
Complaints about cases of Human Rights violations.		None recorded	GRI 102-17
Promotion and compliance with the provisions of the fundamental conventions of the International Labor Organization regarding respect for freedom of association and the right to collective bargaining.		49	GRI 102-16 GRI 407-1 GRI 408-1 GRI 409-1
The elimination of discrimination in employment and professional life.		48	GRI 406-1 GRI 102-12
The elimination of forced or compulsory labor.		32-36	GRI 409-1
The effective abolition of child labor.		32-36	GRI 102-12 GRI 102-16 GRI 102-17
Information relating to the fight against corruption and bribery			
Measures taken to prevent corruption and bribery.		33-36	GRI 102-16 / GRI 102-17 / GRI 205-1 GRI 205-2 / GRI 205-3
Measures to combat money laundering.		33-36	GRI 102-16 GRI 102-17
Contributions to foundations and non-profit organizations.		96	GRI 201-1 GRI 413-1

Issues		Page	Framework used
Information about the company			
The company's commitments to sustainable development.	The impact of the company's activity on employment and local development.	50-53	GRI 413-1 GRI 413-2
	The impact of the company's activity on local populations and within the territory.	50-53, 95, 96	GRI 413-1 GRI 413-2
	The relationships maintained with players in local communities and the types of dialogue with them.	17	GRI 102-43 GRI 413-1 GRI 413-2
	Association or sponsorship actions.	95, 96	GRI 102-13 GRI 413-1 GRI 413-2
Subcontracting and suppliers.	The inclusion of social issues, gender equality and the environment in the purchasing policy.	88, 89	GRI 308-1 GRI 414-1
	Consideration of its social and environmental responsibility in relations with suppliers and subcontractors.	88, 89	GRI 308-1 GRI 414-1
	Supervision systems and audits and findings of the these.	88, 89	GRI 308-1 GRI 414-1
Consumers.	Measures for the health and safety of consumers.	89, 90	GRI 416-1 GRI 416-2
	Claims systems, complaints received and resolution of these.	89, 90	GRI 103-3
Tax information.	Profits obtained country by country.	111	GRI 201-1 GRI 201-4
	Taxes on benefits paid.	111	GRI 201-1 GRI 201-4
	Public subsidies received.	111	GRI 201-1 GRI 201-4



## Annex III

### MAXAM's contribution to the SDGs

Management tools	SDGs to which contributions are made
Occupational Hazards Prevention Safety Handbook.	SDG 3. Good health and well-being SDG 8. Decent work and economic growth SDG 17. Partnerships for the goals
Quality and Environmental Policies.	SDG 6. Clear water and sanitation SDG 8. Decent work and economic growth SDG 9. Industry, innovation and infrastructures SDG 11. Sustainable cities and communities SDG 12. Responsible consumption and production SDG 13. Climate action SDG 15. Life on land
Application of the principles developed in the Safety Policy.	SDG 9. Industry, innovation and infrastructures SDG 12. Responsible consumption and production
Excellence in people management.	SDG 3. Good health and well-being SDG 4. Quality education SDG 5. Gender equality SDG 8. Decent work and economic growth SDG 10. Reduced inequalities
Commitments regarding ethics and integrity.	SDG 12. Responsible consumption and production SDG 16. Peace, justice and strong institutions SDG 17. Partnerships for the goals
Application of the principles of good governance of the Company.	SDG 5. Gender equality SDG 16. Peace, justice and strong institutions
Social actions carried out by the MAXAM Foundation.	SDG 4. Quality education SDG 10. Reduced inequalities SDG 11. Sustainable cities and communities SDG 1. No poverty

## Annex IV

### Responsible Care Commitments

The Responsible Care Global Charter entails the adoption of the following commitments:

1. A Corporate Leadership Culture that proactively supports safe chemicals management through the global Responsible Care initiative.
2. Safeguarding People and the Environment by continuously improving our environmental, health and safety performance; the security of our facilities, processes and technologies; and by driving continuous improvement in chemical product safety and stewardship throughout the supply chain.
3. Strengthening Chemicals Management Systems by participating in the development and implementation of lifecycle-oriented, sound-science and risk-based chemical safety legislation and best practices.
4. Influencing Business Partners to promote the safe management of chemicals within their own operations.
5. Engaging Stakeholders understanding and responding to their concerns and expectations for safer operations and products and communicating openly on our performance and products.
6. Contributing to Sustainability through improved performance, expanded economic opportunities and the development of innovative technologies and other solutions to societal challenges.

## Annex V

### MAXAM's global presence and results by region

The Company operates through 141 subsidiaries in 52 countries on 5 continents. The taxes and profits obtained by the Company in each of the regions in which it operates can be consulted in the following table, given in €.

	Total taxes (continuing operations)	Profits or Losses from continuing operations	Total taxes (discontinued operations)	Profits or Losses on Discontinued Operations
<b>EU28</b>	- 10,305,029	14,047,278	- 312,641	- 7,688,956
<b>Rest of Europe</b>	- 143,225	962,326	-	- 1,703,390
<b>North America</b>	- 218,422	- 12,096,377	206,384	- 1,009,286
<b>Latin America</b>	- 3,175,128	4,372,858	-	- 9,883,387
<b>Africa</b>	- 5,545,147	15,999,506	-	-
<b>Asia<sup>1</sup></b>	- 3,802,115	20,536,812	-	- 16,245
<b>Australasia</b>	1,027,549	- 2,654,884	-	-
<b>Total</b>	<b>- 22,161,517</b>	<b>41,167,519</b>	<b>- 106,257</b>	<b>- 20,301,264</b>

Subsidies received amount to a total of 1,100,555 euros, with the following breakdown by region:

	Total subsidies
<b>EU28</b>	131,365
<b>Latin America</b>	969,190
<b>Total</b>	<b>1,100,555</b>

(1) Includes countries of the former Soviet Union.



## **INDEPENDENT ASSURANCE REPORT ON THE NON-FINANCIAL INFORMATION STATEMENT**

(Free translation from the original in Spanish.  
In case of discrepancy, the Spanish language version prevails.)

To the shareholders of MAXAMCorp Holding:

According to article 49 of the Commercial Code, modified by Law 11/2018, of December 28, we have carried out an order for a verification, with a limited assurance scope, of the State of Consolidated Non-Financial Information (hereinafter NFIS) for the year ended March 31, 2019, of MAXAMCorp Holding and subsidiaries (hereinafter, the Group).

The NFIS is included in the *Non-Financial Information Statement F19*, which is part of the Management Report, including information required by article 49 of the current Commercial Code, and constitutes the NFIS of the Group, which has been the subject of our assurance work.

### **Responsibility of the Board of Directors and the Management**

The MAXAM's Board of Directors is responsible for the approval and content of the NFIS included in the *Non-financial Information Statement F19*. The NFIS has been prepared in accordance with the prevailing mercantile regulations in force, these having been evaluated within the framework of the verification process.

The Board of Directors are also responsible of the mechanisms and processes for obtaining information and preparing the NFIS, and includes the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of a NFIS that is free from material misstatement, whether due to fraud or error.

### **Our responsibility**

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed, on the information collected exclusively in the NFIS and corresponding to the financial year ended 31 March 2019. The data for previous years were not subject to the verification required by prevailing mercantile regulations.

We conducted our review engagement taking into consideration the requirements set out in the International Standard for Assurance Engagements 3000 in force,

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Nº de Registro de Comercio, 45.26146.12014  
Reg. Merc. A Coruña, Tomo 2153, Sección General, Folio 165, Número 1. 2016. Inscripción 1ª

"Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000), issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC)

As established by the aforementioned standards, the procedures performed in a limited assurance engagement are smaller in scope and extent and, therefore, the safety provided is also lower than that provided by a reasonable assurance work and the present assurance report can only be understood in these terms.

The procedures we perform in the assurance work, are based on our professional judgement, and included making inquiries of management, the review of the processes for compiling and validating the information, the application of analytical procedures and sample review testing of the information included in the NFIS, as is described below.

- Meetings with Group personnel to know the business model, policies and management approaches applied, the main risks related to these issues and obtain the necessary information for the external review.
- Analysis of the scope, relevance and integrity of the content included in the NFIS according to their importance, as expressed in prevailing mercantile regulations.
- Analysis of the processes for compiling and validating the data presented in the Non-Financial Information Statement for the year ended 31 March 2019.
- Review of information regarding the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS.
- Checking, through tests, based on a selection of a sample, of the information related to the content of the NFIS for the year ended 31 March 2019 and its correct compilation from the data provided.

### **Our independence and quality control**

We have complied with the independence and other ethical requirements of our Code of Ethics for Professional Services for the Assurance of Non-financial Information which is based on the fundamental principles of integrity, objectivity, professional competence, diligence, confidentiality and professionalism.

Our firm applies a global quality control system that includes documented policies and procedures relating to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions. Our firm applies international standard ISO 14001 to minimize the environmental impact of our services.

The engagement team was comprised of professional specialised in reviews of non-financial information and, specifically, in information on environmental, social and



human resources issues, human rights, anti-corruption and bribery measures and the relationship between companies and society.

### Conclusion

Based on the assurance procedures performed and the evidences obtained, nothing has come to our attention that cause us to believe that the NFIS of the Group for the year ended 31 March 2019 has not been prepared, in all material respects, in accordance with prevailing mercantile regulations regarding non-financial information and the criteria of the selected GRI standards, as well as other criteria described in the NFIS.

### Use and Distribution

This report has been prepared in response to the requirement established in the prevailing mercantile regulations in Spain at the date of its issuance, and may not be suitable for other purposes and jurisdictions.

On 5 July 2019

VALORA CONSULTORES DE GESTIÓN, S.L.



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MAXAM

Beyond Performance

The image features a background of overlapping red triangles of various shades, creating a low-poly, crystalline effect. Small red dots are positioned at the vertices of these triangles. The MAXAM logo is centered in the middle of the image, with the word 'MAXAM' in a bold, white, sans-serif font. The 'X' is stylized with a double-stroke effect. Below the brand name, the tagline 'Beyond Performance' is written in a smaller, white, sans-serif font.