



## **SUSTAINABILITY REPORT**

**NON- FINANCIAL INFORMATION  
STATEMENT F20**

This non-financial information statement is part of MAXAMCorp Holding's consolidated Management Report for the 2019 fiscal year (hereinafter, F20), from 1 April 2019 to 31 March 2020. 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 GENERAL MANAGER**



Dear Reader,

At MAXAM, we have always been able to adapt to the needs of the markets where we operate, focusing our technological developments in close relation to the needs of our clients and operations. The fiscal year ending in March 2020 that concerns us in this sustainability report has been a year of transformation in our organization, seeking to make a difference in the way we offer value in a highly specialised and competitive environment

A very significant event marked the end of FY20 at a global scale. The Covid-19 pandemic appeared with clear consequences, impacting the economy, and generating great uncertainty. In response to this, MAXAM's main focus has been to ensure safety and well-being of teams, customers and partners. Thanks to our contingency plans and supply guarantee, we have been able to maintain customer service levels in an international context with high health and safety standards.

In this climate, MAXAM business Unit of Civil Explosives registered very stable results during the fiscal year. MAXAM expanded mining operating activity with 17 new contracts and participated in flagship infrastructure projects, such as the expansion of the Port of Singapore or the construction of the Brenner tunnel in Italy.

As part of our commitment to energy efficiency, the Company developed the 'selective energy' application concept, integrating its differentiating technologies with a digitalization of blasting services and optimized data management. This new concept brings us a forward-looking approach to outcomes downstream.

And all of this wouldn't be possible without the efforts of a high-performance team, working in more than 50 countries. This is how the Company can meet the expectations of customers around the world and evolve with them, striving to generate a positive footprint, ensuring the quality, safety and environmental care of our operations.

To this end, MAXAM has voluntarily aligned our business objectives with the United Global Compact through a sustainable approach that combines economic performance, positive contribution to society and the 2030 Agenda. Beyond its activity, our social contribution 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.

Having said all this, I invite you to deeply dive in this sustainability report and learn more about MAXAM 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..

**Miguel Camino**  
**General Manager**  
**MAXAM**



# MAXAM TODAY

Who we are

MAXAM is a global technology company, specialised in the design, development, manufacture and application of energetic materials<sup>(1)</sup>, bringing together the knowledge and experience of its different business units to meet the expectations of customers, partners and other stakeholders with the utmost efficiency, to create sustainable competitive advantages.

(1) MEnergetic materials are substances or mixtures which chemically react to release energy for use in a raft of products through combustion, propulsion and detonation processes.





EMPLOYEES

5.803



50 nationalities



80 industrial facilities



50 countries

5 continents

Company founded  
in 1872 by



**ALFRED  
NOBEL**



ECONOMIC VALUE  
GENERATED

1,004.1 M€

ECONOMIC VALUE  
DISTRIBUTED

982 M€

## TALENT



MAXAM  
UNIVERSITY  
(Online training  
platform)



YESS PROGRAM  
139 participants



27<sup>th</sup> edition  
SANTA BARBARA  
Innovation Awards

INVESTMENT INTO  
ENVIRONMENTAL  
IMPROVEMENTS



3,910K€

WATER  
CONSUMPTION



-8,6 %

WASTE  
GENERATED



-30%

## SAFETY

-21 % Near Miss

Proactive OHS indicator

3 years

without accidents in  
Hearnshaw (USA)

1st SAFETY RECOGNITION  
PROGRAMM



INVESTMENT INTO  
SOCIAL  
PROJECTS

245,4K€

PURCHASES FROM  
EXTERNAL SUPPLIERS

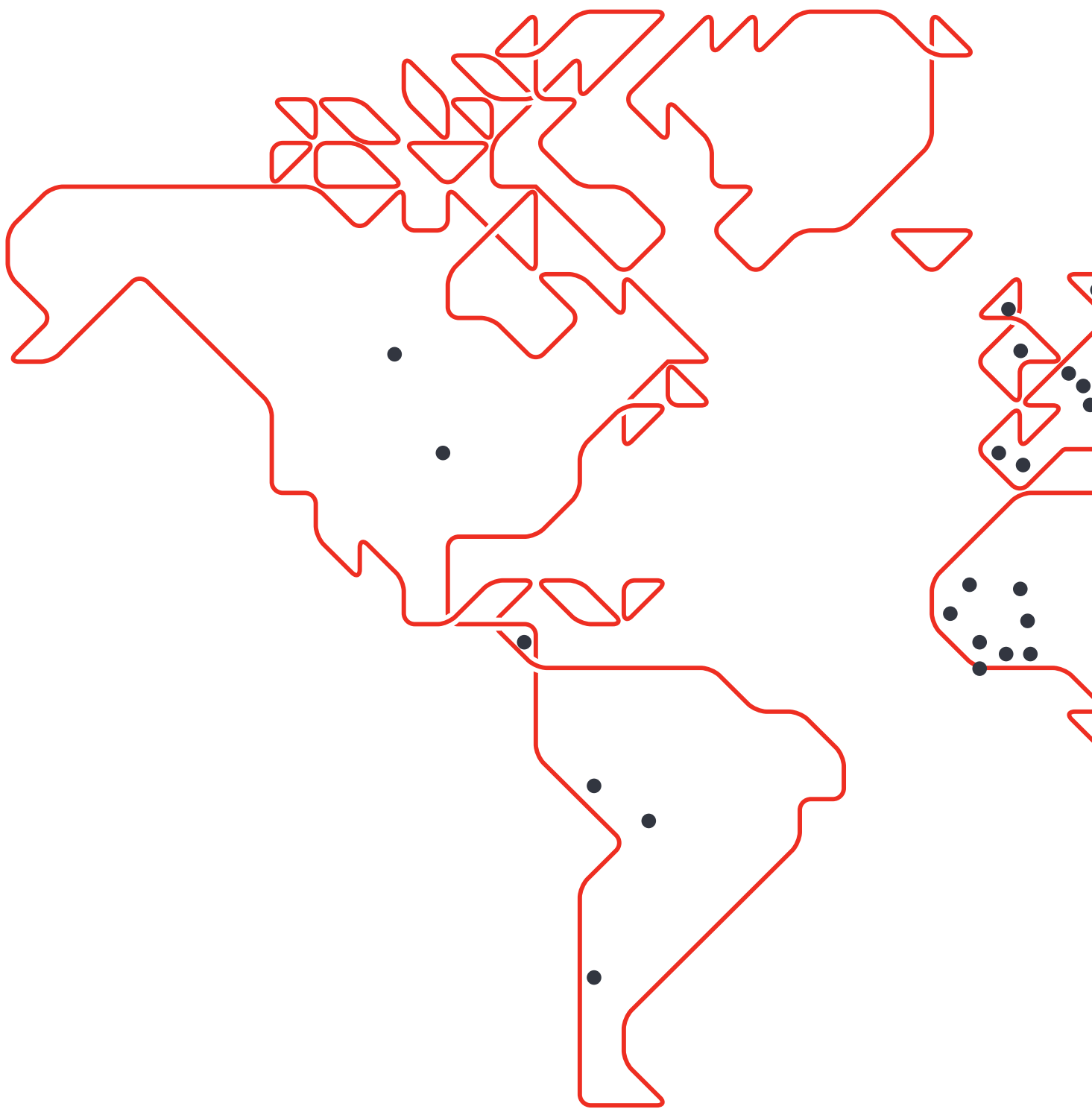


682,4 M€

NUMBER OF  
SUPPLIERS

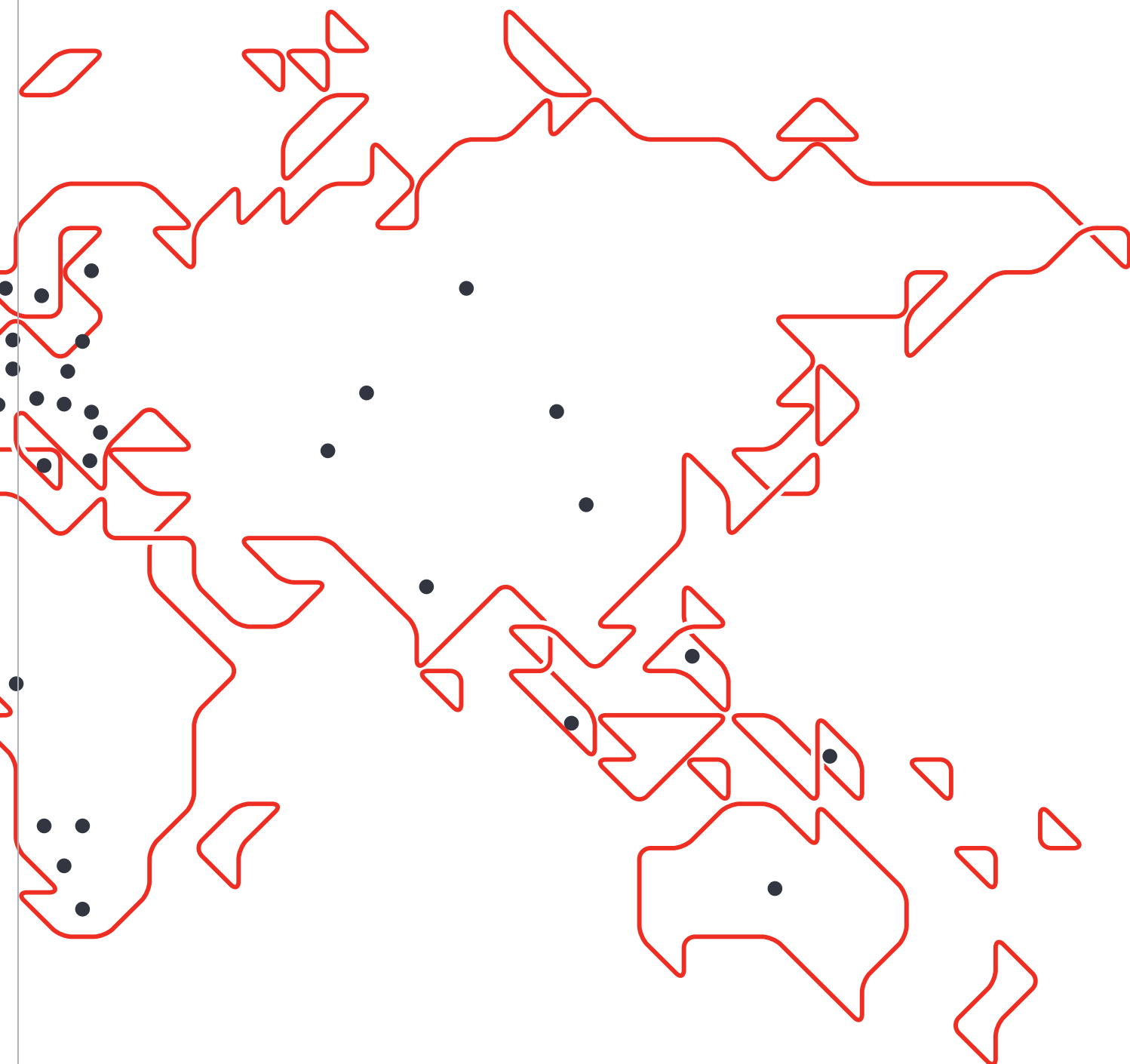


+15.000



## Where we are

Angola  
Australia  
Austria  
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  
United Kingdom  
United States  
Uzbekistan  
Zambia

## What we do

The Company structures its activity into four Business Units:

### CIVIL EXPLOSIVES (CE)

Blasting solutions for mining, quarries and civil works.

Subsidiaries in more than 50 countries

#### ACTIVITY

Technical and blasting solutions for mining, quarrying, infrastructure, seismic and special applications all over the world.

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

Differentiating technology: RIOFLEX.  
Added value proposition tailored to the operation.

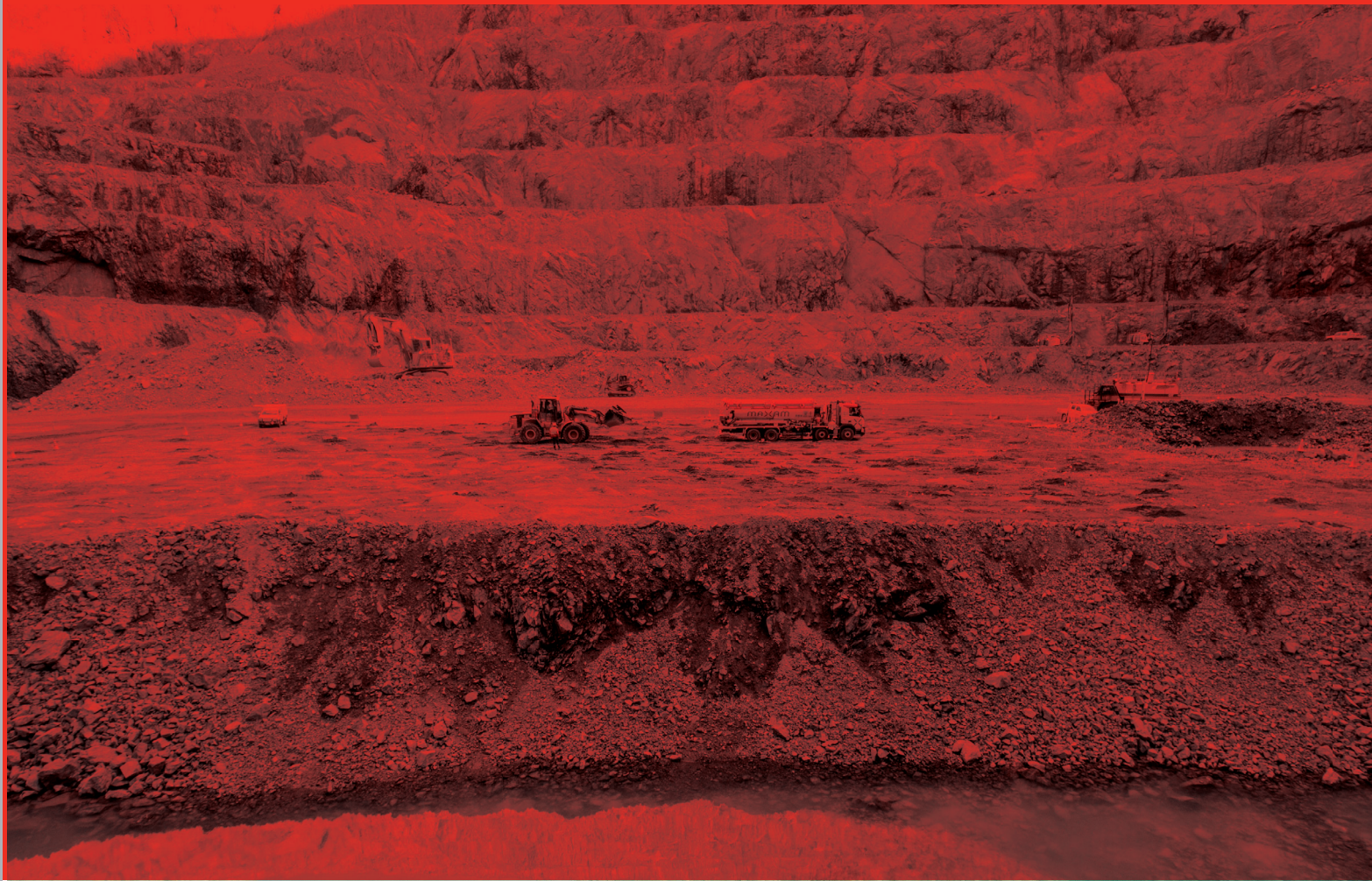
Focus on reducing total cost of ownership.

#### MILESTONES AND PERFORMANCE

##### Milestones

- Transformation of the MAXAM TS's organisational model to adapt faster and more efficiently to customer needs.
- Participating in international flagship infrastructure projects, such as the expansion of the Port of Singapore, the demolition of the Ponte Morandi (Italy) and the construction of the Brenner Tunnel (in the Alps).
- Expanding mining operating activity by signing and/or extending over 17 new international contracts. Renovating major mining operations, including operations in Russia (Sevestal), Africa (Loulo, Gounkoto,





- Tongon) and Europe (Terraframe).
- Developing and launching new families of bulk hydrogel (Rioflex), cartridge hydrogel (RIOTECH, RIOGEL SB) and allowable hydrogel (RIOPER W). For initiation systems (IS), the deployment of the new generation of electronic detonator system (Riotronic X) has commenced and a specific electric detonator for the Nordic market has also been developed.
- Investments in industrial fabric with a new facility in La Elenita, Chile, a new cartridge plant in Uzbekistan and a new line of initiation systems in Spain. Production capacity has also increased for non-electric detonator plants in Russia and Spain.
- Launch of the new corporate website [maxamcorp.com](http://maxamcorp.com), responding to the information

needs of the various audiences: customers, business partners, potential employees and the general public.

### Development

- Global deployment of the technology solutions model, along with the new RIOFLEX™ developments, offering value-added services with a firm commitment to the efficient use of energy.
- Consolidation and growth process in the Chilean market. Apart from the renewal of the main contracts in force, where customers recognise MAXAM as their strategic partner, there is the development of new value-added proposals for signing new contracts with world-class mining customers. Within this market, the rolling out a robust investment plan associated with the development of





an industrial footprint in the LATAM region, focusing on the expansion of the Ammonium Nitrate storage and manufacturing capacities at Rioflex.

- Achievements in the fostering of a safety culture in the Company, in a year that marks the celebration of the First Safety Global Recognition Program, improvements in proactive OHS indicators, such as near misses and achievements such as three years without accidents in Hernshaw (USA).
- Consolidation of the standardisation process of the packaging formats for all cartridge families, with the purpose of minimising the environmental impact and improving the final quality; improvements in pallet durability; transportation and storage space optimisation; and the streamlining of the number of box formats.
- Optimisation of our production facilities network by implementing various initiatives for continuous improvement and competitiveness based on the specific needs identified at the various production centres.
- Creation of a customer-focused supply chain structure, by updating the Masterplan process, which can respond faster to new trends and ensure service even at critical times.
- Development of local industrial, material and people's capacities that can offer autonomous and independent solutions based on the needs and expectations of customer mining services, while ensuring the control over budgeted costs, implementing improvement projects that effect TCO (total cost of ownership).
- Covid-19 Pandemic Management: the implementation of the MAXAM TS contingency plans and supply guarantee has helped maintain customer service levels.





## OUTDOORS (OU)

Cartridges and gunpowder for use in hunting and sport shooting.

Products distributed in more than 100 countries.

### ACTIVITY

Cartridges and gunpowder for hunting and sport.

Reliable, high-performance ammunition.

Integrated production chain.

Strict technical specifications.

### MILESTONES AND PERFORMANCE

#### Milestones and performan

- Redirecting the business model in the American market, with an emphasis on distribution and a more customer-focused strategy.
- New products:
  - Launch of the high-end shotgun cartridge, Star Team Evo Platinum
  - Introduction of environmentally-sustainable profile cartridges (steel instead of lead and water-degradable and compostable wad) in new OECD markets.
- Homogeneous management of the various brands, resulting in greater efficiencies.
- Implementation of new digital tools to keep improving the management of internal processes and sales.

## DEFENSE (DE)

Products and systems for the defense and security sector.

Operating systems in more than 60 countries.

### ACTIVITY

Products and services for the defence and security sector through the Defence business unit: EXPAL.

Wide range of solutions to maintain and improve the operational capabilities of the armed forces.

R&D&i and own technologies.

Management of the entire life cycle of defence systems.

Rigorous control and compliance with regard to the authorisation of exports, corporate procedures of the MAXAM Group and the Code of Ethics.

### MILESTONES AND PERFORMANCE

#### Milestones and performance

- Commencement of the research and development programme for a guided system using 120mm and 155mm rounds for the Spanish Ministry of Defence.
- Commencement of the 81mm mortar systems supply programme for Defence Procurement (Armasuisse) of the Swiss Confederation.
- Incorporation of the subsidiary, EXPAL, in Southeast Asia and based in Malaysia.
- Launch of the new online channel, Expalsystems.com, newly designed and with content architecture addressing the specific needs of the Armed Forces and the defence industry.
- Developments in aerial munition integration services with major companies in the sector.
- Emphasis on efficiency and focusing on the value proposition. Development of new systems to supplement the offer of indirect fire support with greater precision and for operational control: eCompas and MCounter. una arquitectura de contenidos pensada para responder a las necesidades concretas de las Fuerzas Armadas y la industria de defensa.



## CHEM (CH)

Production of key raw materials in nitrochemical activity

Focus on internal requirements.

### ACTIVITY

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

Know-how and ongoing R&D&i work.

Far-reaching production and distribution capacity.

ISO quality standards.

### MILESTONES AND PERFORMANCE

#### Milestones and performance

- Improvements have been made to nitric acid manufacturing plants for the control and reduction of CO2 equivalent emissions.
- New developments of nitrated products have been completed for their effective introduction in the future.
- Manufactured product quality has been maintained and commitments with customers have been almost entirely fulfilled.



## Our corporate culture

MAXAM's corporate culture guides the organisational behaviour:



### Safety as a way of life

Everything we do is dependent on the safety and well-being of our employees, contractors, customers and the communities around us. Our leadership team is fully committed to fostering our safety culture. All MAXAM employees actively contribute to the improvement of our safety standards.



### Passion for people

We are a global and diverse team and our success depends on the ongoing collaboration among employees, customers and all our stakeholders. We generate a culture in which achievements are recognised. We are aware that the growth of each employee results in our growth as a Company and in providing an outstanding service for our customers. We lead with the aspiration of building a better future together.



### Ceaseless innovation

We are not limited to achieving excellence at an operational level. We fully immerse ourselves into each project, creating added value and inspiring to go further. We seek innovative technologies, products and solutions and offer them as exceptional value propositions to our customers. We only offer products and services that we are proud of. What we do, we do well.



### Focus on value creation

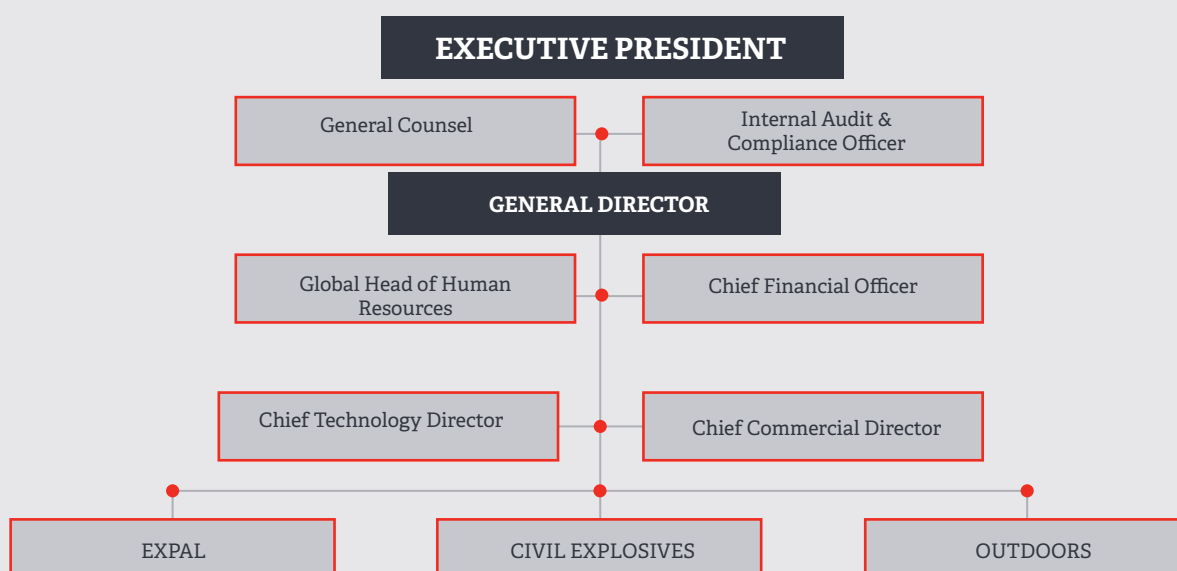
We provide the best financial results for our partners with the highest ethical standards and cost controls and by safeguarding our people, resources and the environment. We are committed to leaving a positive footprint wherever we operate and ensure that all our activity is socially responsible. We work to make the best use of the earth's resources. Through our Foundation, we promote culture and education worldwide. We encourage all employees to participate and find opportunities so they can grow our business and the communities around us.

## Organisational structure

MAXAM has a solid organizational structure aimed at achieving financial and non-financial objectives, safeguarding the continuity and sustainability of the Company in the long term.

During F20, the Company worked on the development of a new agile, flexible and efficient organisational model, designed to respond to the needs of our customers and be ready for changes in market trends.

At the date of preparing of this report, MAXAM's organisational structure is as follows:



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

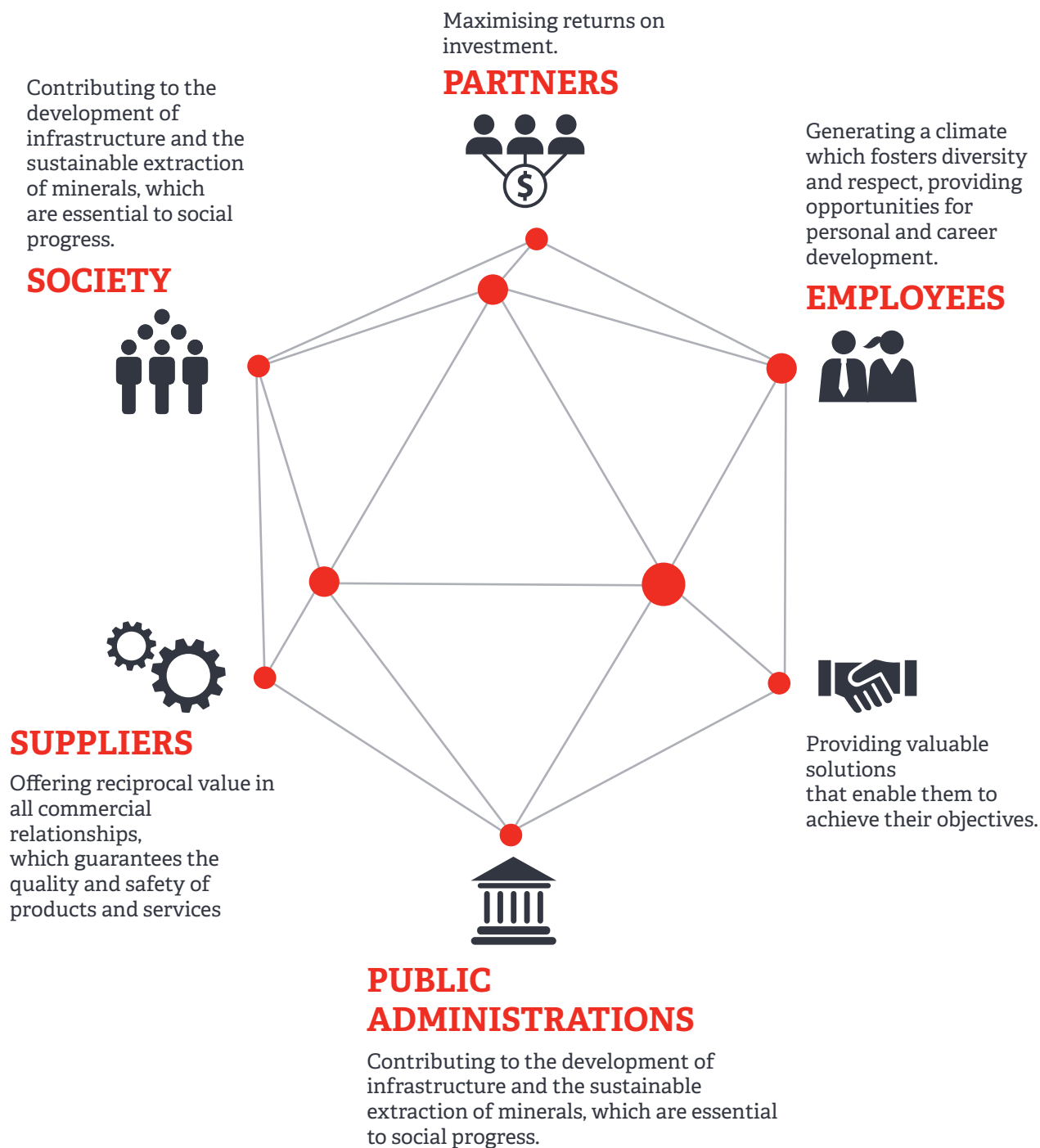


## 2 GENERATING LONG-TERM VALUE

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

## Stakeholders

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



MAXAM develops its relationship with its stakeholders on an ongoing basis, subject to the needs and interests of the respective parties.



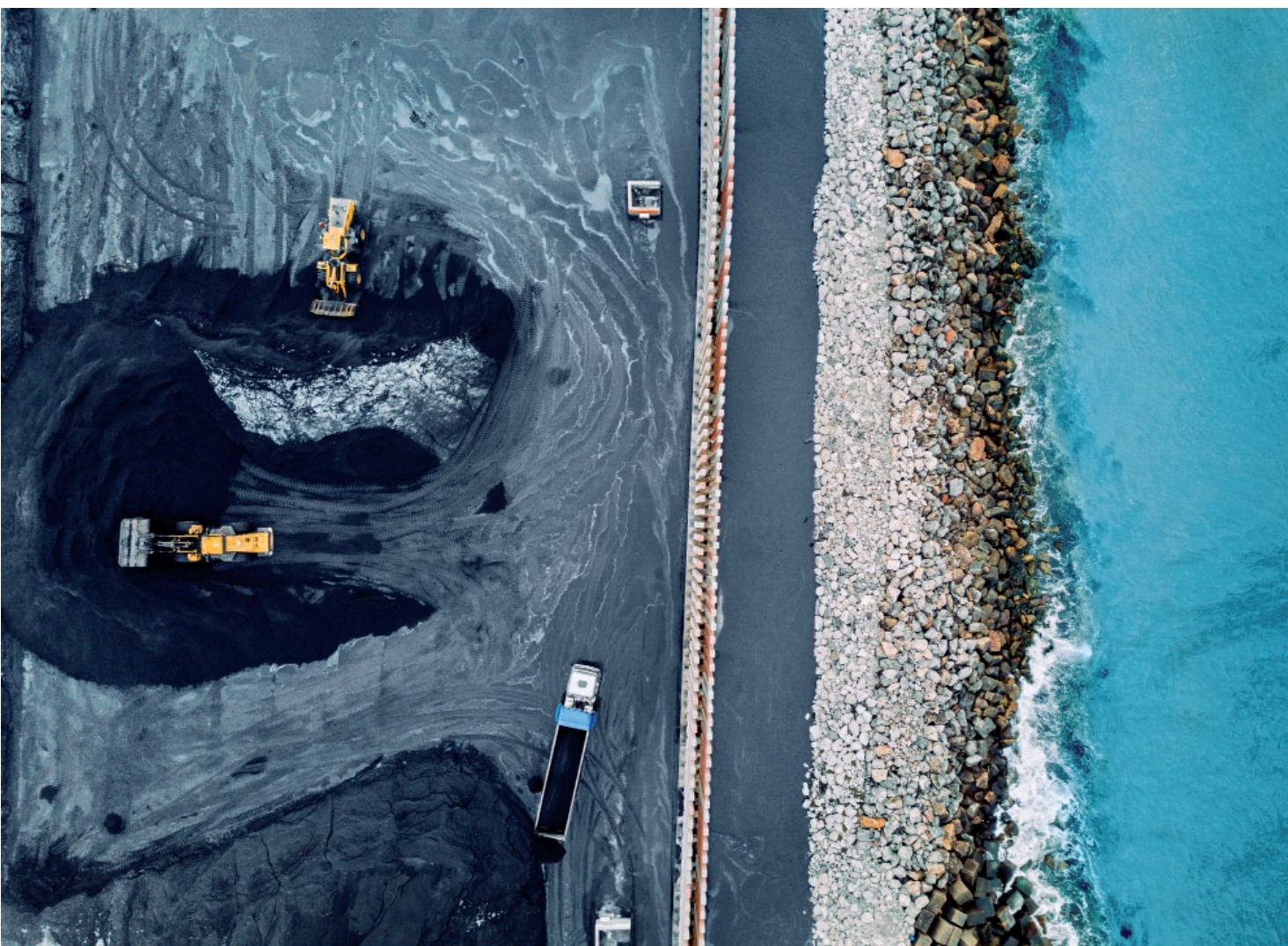
## Our context

During F20, there was clear stability for the Company in all sectors of activity it operates in, with an even more demanding and competitive environment. The end of the fiscal year was also marked by the COVID-19 pandemic, the effects of which will foreseeably extend into F21.

It is foreseen that there will be little impact on the chemical industry and mining activity, since they are classified as essential sectors. The most difficult period of the pandemic was felt during the first few weeks, at the time of preparing this report, despite this, MAXAM has managed to ensure the security of supply to customers around the world, through

the proper implementation of the established business continuity plans.

It remains to be seen whether the foreseeable reduction in GDP will have an impact on the infrastructure sector or whether governments will resort to investment and public works as a way of reactivating the economy, which would have follow-on effects for the activity of Civil Explosives. Also, it depends on the Public Administrations and the Defence Ministries to establish the flow of investments, which would impact on the activity of the Defence Business Unit (EXPAL).





Besides all the described above, clear trends can be seen the environment of each of the Company's business units' activity.

	TRENDS IN THE SECTOR	THE COMPANY'S DEVELOPMENT LINES
<b>CIVIL EXPLOSIVES</b>	<p>CE operates in a market showing increased competitive pressure.</p> <p>The mining sector is a capital intensive sector, so companies now require greater contributions from their suppliers in terms of efficiency and development of value propositions.</p> <p>Along similar lines, the construction and public works sector requires even higher service levels from its suppliers in a high cost competitive environment, as well as the development of products and solutions that are tailored to their needs.</p> <p>Digitisation, process automation and new technologies driving selective mining are seen as major trends that improve productivity, safety, and the environmental performance of operations.</p> <p>When a market experiences ever increasing competitiveness, then it is differentiation and adaptability that becomes the key to the success of the companies.</p>	<ul style="list-style-type: none"> <li>Increasing integration of the technical and operational expertise and high technological capabilities of the company, aimed at developing and providing customised products, services and solutions for our customers.</li> <li>Increasing automation and digitalization of blasting services, while implementing optimised data management which allows for the development of predictive and prescriptive models for operations and to provide greater efficiency and productivity.</li> <li>Commitment with customers for the co-creation and development of value propositions that are in line with the needs of each operation.</li> <li>Implementation of an operating model, at an industrial, logistics and distribution level, ensuring the delivery of competitive products and proposals for our customers.</li> <li>Development of the Operations function geared towards offering the highest levels of market efficiency for our customers' operations.</li> </ul>
<b>OUTDOORS</b>	<p>Further tightening of legislation on waste and lead.</p> <p>Increasing regulation over hunting activity (particularly in Europe).</p> <p>Uncertainties regarding the potential impact of the COVID-19 pandemic on the market, impacting distributors and points of sale.</p> <p>Uncertainties in the UK regarding future Brexit developments.</p>	<ul style="list-style-type: none"> <li>Focus on products with the greatest potential margin.</li> <li>Optimisation of the production and supply chain to ensure an efficient global reach.</li> <li>Improvements to customer delivery services so there is greater flexibility and improvements to order fulfilment in terms of times and manner.</li> </ul>
<b>DEFENSE</b>	<p>There is a clear uncertainty regarding the geopolitical situation in the Middle East, which is having an impact on operations.</p> <p>Potential impact of the global COVID-19 pandemic on customer orders and deliveries.</p>	<ul style="list-style-type: none"> <li>Growth in cooperation with companies in the sector.</li> <li>Strengthening the company's presence in key markets, by focusing on product/service lines that have the highest added value.</li> </ul>
<b>CHEM</b>	<p>Increasingly closer oversight of the Administration regarding occupational health and safety compliance. Development of new applicable regulations, and changes to existing regulations, as a result of major industrial accidents in neighbouring countries.</p> <p>Also, the already high levels of environmental oversight carried out by the Public Administrations over previous fiscal years</p>	<ul style="list-style-type: none"> <li>Production efficiency development process, through specific improvement projects in each of the plants.</li> </ul>

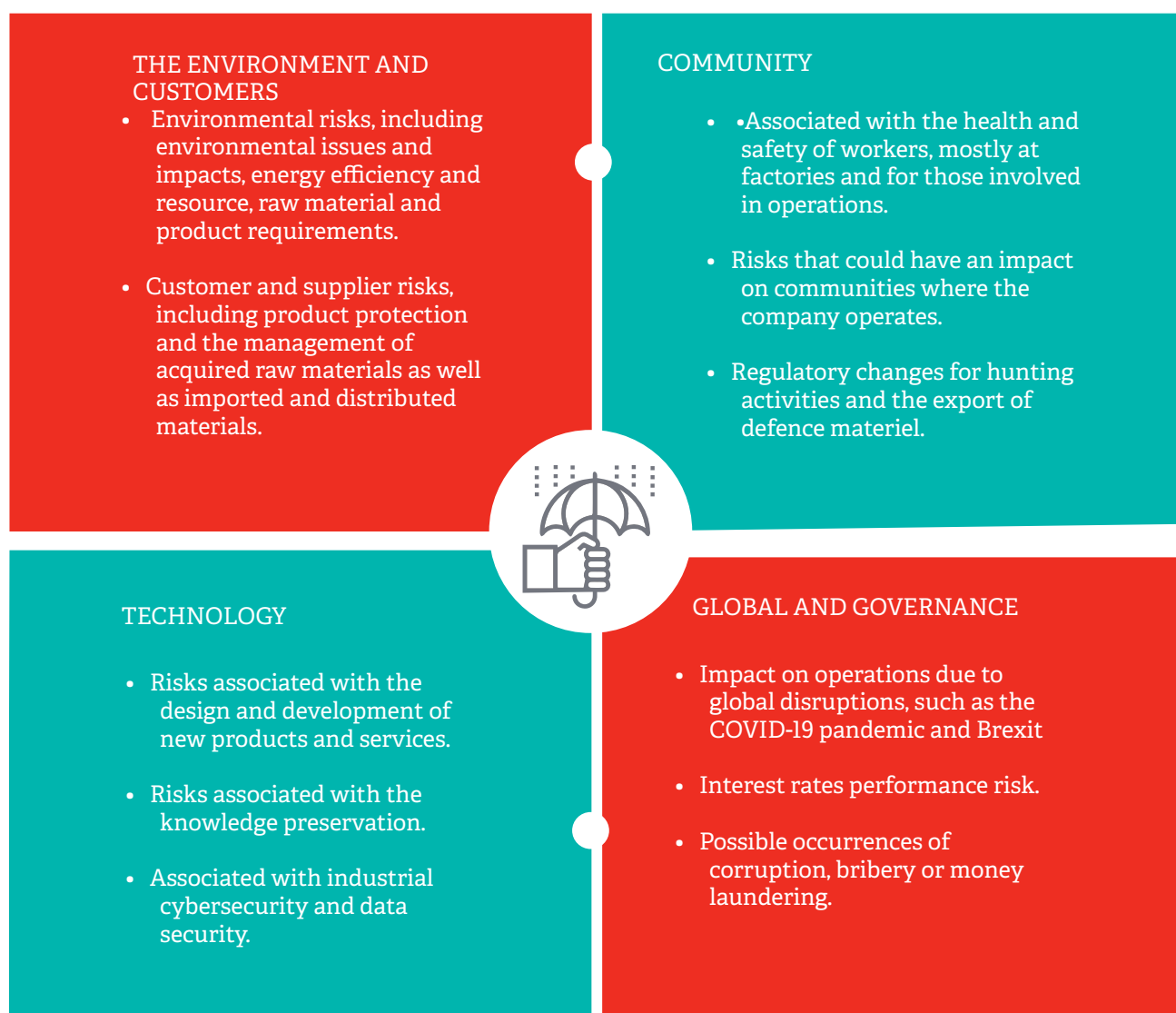
## Risk Management Tools

The global nature of MAXAM's activities means that the Company is subject to different types of risks closely linked to the businesses and sectors in which it operates. Those risks that may compromise the economic profitability or the financial solvency of the Group as a whole or of the company involved, or its corporate reputation or the integrity of its employees are considered as relevant.

The Company has a corporate procedure in place for assessing risks and identifying opportunities for MAXAM's activities, products and services.

This procedure determines the effective management of risks, including the development of control and contingency plans whenever they are required.

Every five years, MAXAM reviews and updates its global risks and opportunities. The next update is planned for F21. Below are some of the major risks facing the company.



In general, MAXAM has systems in place that can effectively identify, evaluate and manage risks through mechanisms that avoid, limit, transfer and assume risk. There are also specific tools used for the assessment

of the risks associated with each project. These risks are either general or specific to a particular setting, such as the environment or technology.

These systems generate sufficient and reliable information to ensure that the units and bodies responsible for risk management decide in each case whether they are assumed under controlled conditions or are mitigated or avoided.

There are Divisions, such as OHS, Finance, Safety and ARG, the Environment, Legal and Internal Audit & Compliance, which assume specific risk control functions on the basis of their responsibilities.

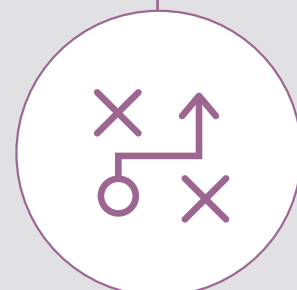
MAXAM'S Board of Directors<sup>1</sup> is responsible for risk oversight, as well as to identify any associated opportunities, through the following actions:

:

1. Corporate policies and procedures that apply to the entire MAXAM Group..
2. Specialised supervision by the audit committee, the board's expert body tasked with the function.
3. Ensuring access to relevant information on such matters through the reporting mechanisms in place:
  - a. Monthly CFO report (Finance department).
  - b. Quarterly report by the Audit Committee chair (for financial-accounting, environmental, and health and safety risks).
4. Analysis of the information and related proposals drawn up by senior management.
5. Setting of management indicators and improvement objectives.
6. Benchmarking against peer companies in the sector.
7. Adoption of suitable agreements.

Regarding risk management, MAXAM's business areas are subject to specific, strict, heavy legislation in each country, compliance with which is closely monitored. Given the growing sensitivity in some areas, customers and investors transpose their own requirements to the Company.

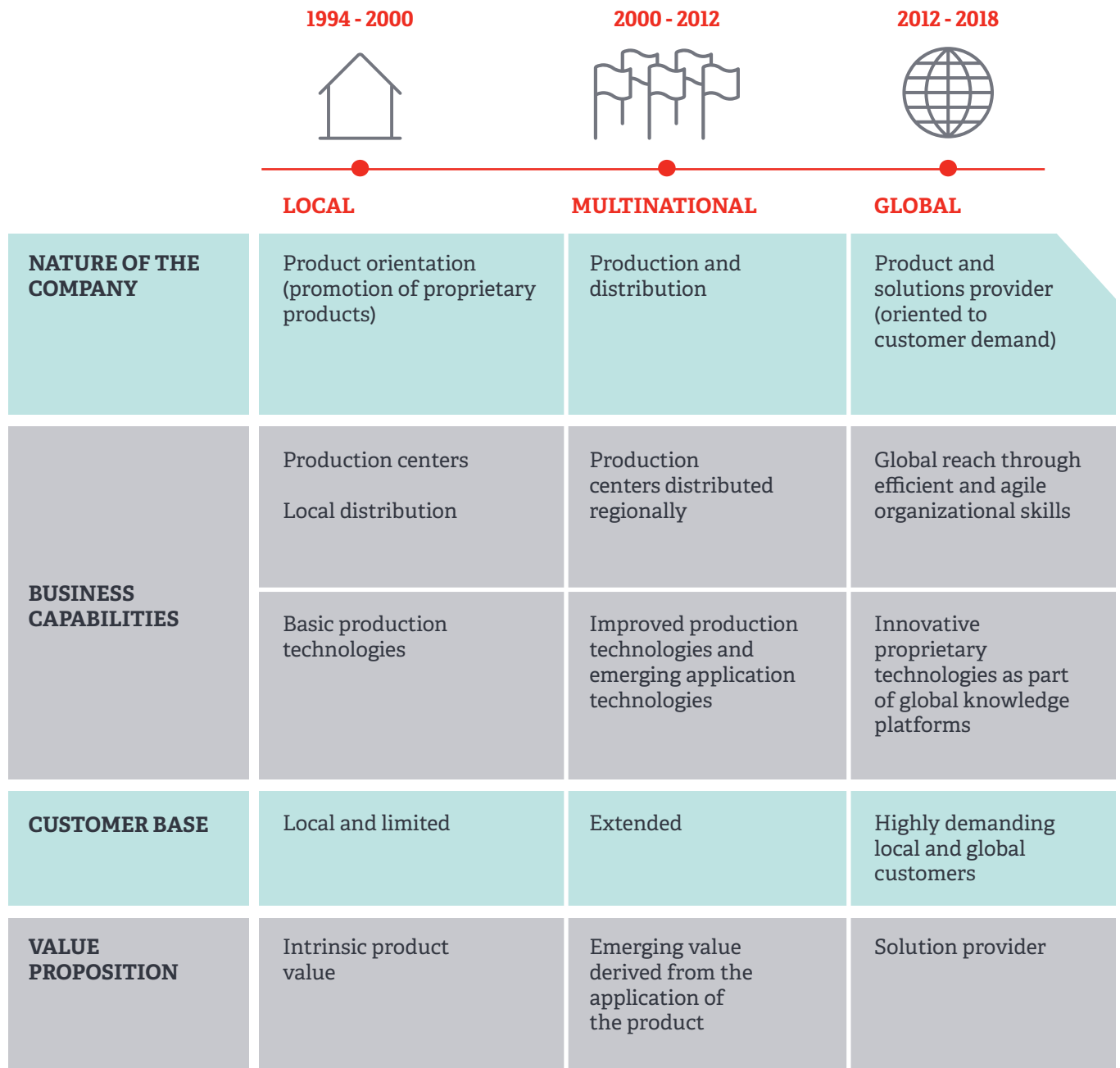
As a company based in the EU, the strict European legislation in the chemical and defence industries bestow the Company with a leading position compared to competitors from other regions



(1) MAXAM's governance structure is explained under the Good Governance section of this report.

# 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.**



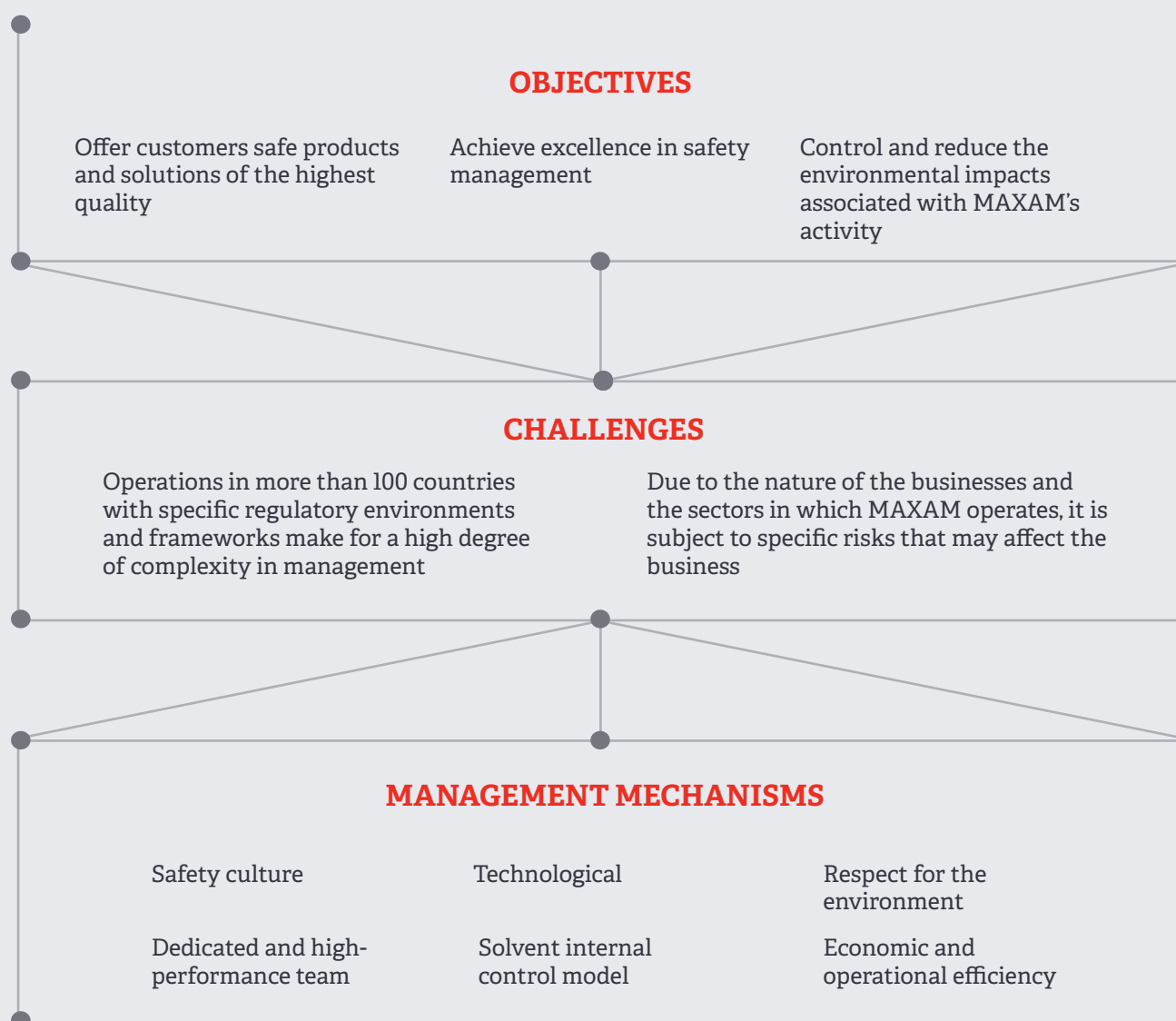
**Excellent global management systems.**



**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:







# 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:**

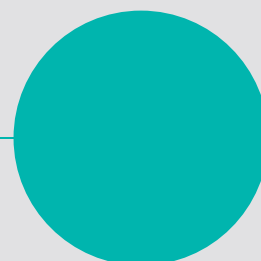
- 1** ● Promoting economic activity by establishing its production centers and its operations.
- 2** ● Contracting local suppliers and contractors.
- 3** ● Creating employment due to operations that it carries out in the territory.
- 4** ● Contributing by paying taxes and fees for its activity.
- 5** ● 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**

**€1,004.1**

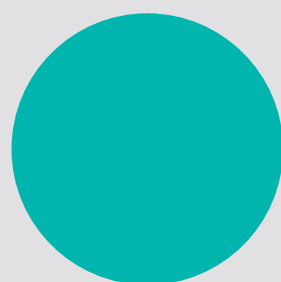
**99.8 %**  
NET  
TURN  
OVER



**0.2%**  
FINANCIAL  
INCOME

### **ECONOMIC VALUE DISTRIBUTED**

**€994,3 MILLION**



**68.21%**  
SUPPLIERS



**27.07%**  
EMPLOYEES



**2.07%**  
GOVERNMENT



**2.9%**  
FINANCIAL SECTOR



**2.02%**  
PARTNERS



**0.03%**  
SOCIETY



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**

An aerial photograph of a skatepark. The left side features a large, curved red ramp. The right side is a grey concrete bowl. Numerous people are scattered throughout the park, some sitting on a white bench at the top, others riding bicycles or skateboards. The overall scene is captured from a high angle, looking down on the park's layout.

# 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 company's Code of Ethics updated with the inclusion specific policies on Anti-Corruption and the Prevention of Money Laundering. Also, in F20, another two policies have been in the process of development: Prevention of Conflict of Interest and Free Competition, which will be completed and implemented in F21.

## 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.

### Policy on the Prevention of Conflict of interest

This policy develops the provisions of the Code of Ethics for issues relating to the Prevention of Conflict of Interest, which states that as a rule any situation that could create a conflict of interest must be avoided. If it is not avoidable, is involuntary or has already occurred, there are transparent mechanisms and procedures in place to manage these situations.

Employees who find themselves in a situation of conflict of interest must refrain from taking any action that puts their own interest (direct or indirect) above that of MAXAM. In particular, MAXAM employees may not:

- Negotiate or enter into agreements with third parties that give rise to a conflict of interest.
- Participate in the evaluation or supervision of other employees when there is a conflict of interest with any of them.
- Work for companies in the sector, or that carry out activities that could compete with those of MAXAM.

It is understood that a conflict of interest situation occurs when a MAXAM employee



affective relationship with them (de facto partners or evident friendship) or business relationship (partner, director, manager, worker, agent, service provider or similar).

## Policy on Free Competition

MAXAM values and encourages fair play and respects and enforces the applicable rules of Free Competition. MAXAM employees, especially those with responsibilities in the Commercial and Marketing areas, must exercise extreme care regarding these issues.

As a general rule, unless otherwise approved by the Legal Advisory Department, any oral or written discussions or agreements with competitors must be avoided when relating to the activities in which MAXAM and its competitors participate in, specifically those relating to:

- Prices and other sales terms or conditions.
- Costs, benefits or margins.
- Offers of products or services and the coordination of supply activities.
- Market share.
- Division of sales territories, customer distribution or product lines.

With regarding competition law, it must be kept in mind that the agreements may be illegal even if they have not been formalised in writing, since the conduct of the involved parties may be sufficient to determine that there is an irregularity.

The Legal Advisory Department must be consulted wherever there is any doubt whether a certain conduct could breach the competition rules and whenever negotiating agreements when they could create issues relating to competition law, including, among others:

- “Exclusivity” agreements for the purchase, distribution and sale of products or services
- Selective discounts or rebates
- Distribution agreements with competitors

## Ethics and compliance committee

The Compliance Officer and the ethics and compliance committee (an internal standing body) jointly ensure the application of the Code and the dissemination of a preventive culture based on zero tolerance of any illicit or fraudulent act.

Composed of four permanent and one non-permanent member, the committee monitors the implementation of and compliance with the criminal risk prevention model and supports the Compliance Officer in the performance of the related duties, as well as in the ongoing monitoring of procedures, standards and controls. It may also propose such measures as it deems appropriate to ensure compliance with MAXAM's Code of Ethics and objectives in this area. Its powers also include ruling on any disciplinary matters that may arise.

## Whistleblowing channels

The Code of Ethics sets up whistleblowing channels (anonymous web channel Speak Up, telephone, e-mail) as well as the procedure to be followed if any breach is detected. If a complaint is found to be credible, the ethics and compliance committee meets to conduct an investigation and take any necessary disciplinary action.

## Actions in the period

Over the course of F19, there were  
**140 proceedings,**  
on COMPLIANCE  
which may be classified as:

### 41 due diligences

made to potential customers, agents and partners

### 9 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 F20



A photograph of three men in industrial workwear. They are wearing white hard hats with the MAXAM logo and yellow high-visibility shirts with reflective silver stripes. The man on the left is wearing sunglasses. The man in the middle is wearing safety glasses and has a MAXAM ID badge around his neck. The man on the right is wearing gloves and is holding onto a metal railing. In the background, a large ship is visible on the water. The right side of the image has a teal overlay containing text.

## A diverse, global and high- performance team

MAXAM operates in a highly specialised and competitive market, in an international context in the midst of digital disruption. The Company is aware of the importance of its team of professionals in providing the best service to its customers and to continue being a benchmark company in the sectors in which it operates.



During F20, we have carried out a thorough review and simplification of the people management processes, which has accompanied the organisational redesign process aimed at

achieving a more agile and flexible organisation adapted to customer needs in the various markets. The following achievements of the fiscal year are worth mentioning:

- 1 A streamlined organisational structure, designed and built around customer needs in various markets.
- 2 The consolidation of development programmes, integrating both the needs of the Company and the employees, with a strong focus on internal development and promotion.
- 3 Continue our corporate culture of recognition of achievement.

Moreover, it must be mentioned that MAXAM operates under a strict regulatory framework and that it has global Policies to provide a global reference framework for Human Resources on

recruiting, training, remuneration, recognition and international mobility. Also, the company strives to promote equal opportunities and reconciliation.





## An organisational structure designed and built around customer needs.

During F20, MAXAM's organisational structure was redesigned to become more streamlined and efficient. Additionally, new departments have been created to ensure that the Company's focuses on meeting the requirements of customers and to anticipate the needs of the markets.

In this way, we have worked on updating the technology function, by creating the Directorate for **Technology** (Technology) for the purpose of developing new solutions and the creation of value propositions to maximise the productivity of our customers' operations, always to the highest quality, safety and environmental standards. This Directorate is has two key areas:

- **Advanced Applied Solutions**, focused on the development of services through predictive models leading to guaranteed savings, and energy efficiency.

- **Research & Development**, focused on the conception of new products and the optimisation of production processes.

Also, during F20, the Operations department was created, with the purpose of ensuring service excellence for our customers' operations and to complement the mission of the Global Operator and Supply Chain departments, focused on ensuring the efficient and cost-optimised supply of our products in all the markets we operate in. The Operations team has a significant regional reach, integrating our customer operations technical experts, who provide technical field advice as well as feedback and the needs to the Technology team for the development of new value proposals.

## Development programmes integrating Company and employee needs

The training and development lines for MAXAM employees are identified taking into account both the needs of the business and corporate strategy and those of the Company's workers.

During F20, the areas of knowledge management and change management were identified as training priorities for the MAXAM teams, aimed at systematising and preserving essential company knowledge. MAXAM's Human Resources function acts as a catalyst for cultural change and people management, while proactively anticipating and adapting to environmental challenges.

### *Dialogues 4YOU*

all levels, from the Company's management team to the most operational teams, each at their own level.

Through the Dialogues process, each employee reflected on their expectations and future in the Company and, together with their managers, set specific objectives for the following fiscal year. This tool seeks to align the Company's strategic

objectives with those of all its employees, so that everyone is clear of their contribution to the overall results. It also provides an opportunity to develop employee skills and abilities as it is connected to the MAXAM skills model, which is in turn based on the corporate values.

Dialogues4U has meant that every employee has an individual development plan to help them achieve their objectives at their best possible performance, which is assessed at the end of each FY. This tool seeks to align the Company's strategic objectives with those of all its employees, so that everyone is headed in the same direction, while being clear of their contribution to the overall results. This development plan is tied to each manager and, therefore, becomes an important pillar for development.

During F20 the Dialogues process was consolidated throughout the organisation. This process is 100% digitised, through the Xperience digital people management platform.

## Development of technical capacities

The development of strategic technologies is a fundamental asset at MAXAM and the basis of our competitive edge. Our value thus lies in the understanding and control of these technologies.

The Technical Professional Development Course conceived during F19 is worth mentioning, allowing employees to further their professional development as they acquire new layers of knowledge, competencies and experiences. During F20, particular importance was given to the development of training content for the Technical Professional Development Course. Specifically, 67 online training modules have been developed on the subject of occupational health and safety at MAXAM plants. These modules emphasise how to apply chemical engineering to process safety.

Moreover, during this fiscal year, we have also specified the optimal level of training for employees at our operations, while also standardising our training on occupational health and safety, quality and the environment. During F20, the deployment of the programme began with an emphasis on underground operations. Looking towards F21, work will commence on the design and deployment of

this programme for open pit operations.

## MAXAM University

The MAXAM Online Corporate University (MAXAM University) identifies, creates and compiles training initiatives and to ensure their contribution toward the Company's strategy and performance.

During F20, work commenced on optimising this platform with the use of a new interface allowing for a better user experience. Under the motto "Discover, Learn, Grow", training resources have been reorganised to be open to all users, so that they can enrol in the programme of their choice. In this way, greater autonomy is given to each person as the driver of their own development.

The platform also includes a series of modules and training resources associated with the framework of professional competencies identified as necessary for MAXAM.



To offer a better user experience, the available training resources have been integrated into two main blocks:

- **"Business insights"**, ligado a competencias de negocio transversales a la organización, entre las que destacan la seguridad y la salud laboral y la calidad y el medioambiente- En F20, y dada la necesidad identificada por el equipo de OHS de fomentar la interiorización y cumplimiento de las Life Saving Rules corporativas, se desarrolló el módulo específico What matters most | Safety
- **Leading self and others" for developing**

**leadership skills. In F21, work will commence on the creation and development of a new block: "Our Core Technologies", which integrates training resources associated with MAXAM's own technologies.**

This platform also includes specific modules associated with certain company needs. For example, the Company's strong commitment to telecommuting since the outbreak of the COVID-19 pandemic was the basis for the training programme "Good Habits to Work Remotely", with advice on how to maximise productivity and ensure the health and well-being of employees working from home.

### YESS Program

F20 also saw the continuity of one of MAXAM's most consolidated and successful talent programs: YESS (Young Engineering Scholarship Students) Programme, whose ultimate purpose is to recruit, train and develop the best professionals for Mining projects and TAP (Technical Applications) worldwide.

- **139 participants (Spanish, French, Chinese, Angolan, Mauritanian, Chilean, Turkish and Guinean) have already passed through this programme, with 176 international assignments in 18 countries on five continents.**





## MAXAM fosters a culture that recognizes achievements

At MAXAM, as part of the human resources strategy, we have a global compensation framework based on the principles of internal equity, external competitiveness, differentiation, diversity, recognition and merit.

Remuneration policies are aligned with the long-term sustainability interests of our partners. The global compensation model is an equitable system of job levelling and ranges that is uniform for all countries. We ensure that our compensation policies and practices are aimed at ensuring equal pay and equal opportunity for men and women.

Furthermore, we have yearly recognition programmes based on the company's values, such as Innovation and Safety and also Health.

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

### Santa Bárbara Innovation Awards

In FY20 we celebrated the 26th anniversary of the Santa Bárbara Innovation Awards. This is a pioneering initiative in the industry aimed at the Company employees worldwide, through which MAXAM seeks to foster a culture of innovation at all levels of the organisation.

All employees have the opportunity to identify and propose new ideas and innovative solutions that generate differential value for the Company and its customers. The Santa Bárbara Innovation Awards have been the source of important technological advances in our organisation aimed at increasing productivity, safety and environmental care, both in the manufacturing processes and the solutions we provide to our customers.

Every year MAXAM sets up a jury for the awards, which is responsible for selecting, within the ideas presented, those that will become finalists, with selection criteria such as: long-term sustainability, adherence to our corporate policies, application in different areas of the Company and the potential profitability of the idea.



During F20, the **“Loading Wet Holes in Liners”** project, developed by the MAXAM team at the Elk Valley mining operation in Canada, received the first Santa Barbara Innovation Award. This project reflects MAXAM’s commitment to working alongside its customers toward the co-creation and development of innovative solutions.

Specifically, this project meant that nitrates were not release during blasting operations and, therefore, improving water quality and protecting the environment. The initiative reached well beyond MAXAM’s own awards, as it was also a winner of the Mining Magazine Awards 2019.

### **Global Safety Recognition Program**

The Global Safety Value Recognition Programme allows MAXAM to recognise Company employees nominated by their co-workers for their exceptional performance regarding the value of health and safety, recognising behaviours, projects and best practices in this area.

The first year of this programme (launched in F19) finalised in F20 with the recognition of employees and teams that best exemplify the company’s commitment to safety. These recognitions were for both plant and operations teams. First and second place were awarded to:

- First place went to the team from our main mining operation in Chile, for a series of technological, digital and logistical innovations improving safety at operations, which were openly recognised and awarded by the customer.
- Second place went to the team from one of our production plants in the United States, for developing an independent OHS culture, improving occupational health and safety without the intervention of professionals in the area.

During F20, the second recognition programme was opened and will be decided in F21. excepcional ligado al valor de la seguridad y la salud, reconociendo comportamientos, proyectos y mejores prácticas que lo evidencian.

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

In addition to the corresponding labour legislation in each of the countries in which we are present, all relationships established in the area of people management have as a general regulatory framework the MAXAM Code of Ethics, which is applied globally. Point 6 of the Code makes explicit reference to the human resources policy, undertaking “to provide a safe and respectful work environment in which the principles of non-discrimination, equal opportunity and respect for human rights and labour rights prevail, including the freedom of association and the right to collective bargaining.”

This point also categorically prohibits child labour: “The minimum hiring age is 16 years old, unless local regulations provide for a higher age. Special attention must be paid to workers under the age of 18 in order to avoid work that could damage their health, integrity, development or safety.”

Other regulatory elements of note are the Equality Plan, collective bargaining agreements and the people management policies and procedures, which are detailed below.

### **Equality Plan**

MAXAM’s Code of Ethics is applicable to all Group companies in the various countries where we operate. It covers equality of opportunities and respect for diversity (religious, cultural, sexual, etc.), as well as effective equality between men and women with regard to access to employment, training and promotion. The Group also supports workers with varying degrees of ability to facilitate their workplace integration.

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:



The Equality Plan can be consulted in the Official State Gazette (BOE), together with our collective bargaining agreement (IV Collective Bargaining Agreement for MAXAM and other Group companies).

In compliance with Law 13/1982 of 7 April on Social Integration of Disabled Persons, the Company has specific measures in place for the integration and support of 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

Employment relationships at MAXAM are framed within different collective bargaining agreements, by country and work centre, under which all its workers provide services, regardless of the agreed contractual relationship, professional group and assigned position.

The Company also informs workers of any significant operational changes that it intends to introduce, complying in all cases with the types and levels of notice set by each country's local legislation.

In particular, in the case of Spain, the Company has its own agreement (IV Collective Bargaining Agreement for MAXAM and other Group companies), which is applicable to corporate and to the Civil Explosives and Outdoors business units. The EXPAL Business Unit has a company agreement in place for the Páramo de Masa plant. For the other plants, the applicable territorial agreements are followed. As a consequence, in Spain, 100% of workers are governed by collective bargaining agreements (whether MAXAM's own agreements or any other applicable agreements).

On an international level, the company is governed by the legislation and specifics of each country. For example, in European countries, such as Portugal, France, Italy and Finland, the Company has signed the Chemical Industry Wage

Agreement; In Austria the Collective Agreement for Employees and Apprentices in Commercial Companies and at MAXAM our subsidiaries have their own agreement. In North America, our own "MAXAM Explosives" agreement is also in effect. In Latin America, specifically in Chile, employee relationships are governed by two collective agreements: one specifically for the largest mining operation in the country and the second for other company workers. In Africa, for countries such as Burkina Faso and Cote d'Ivoire, the Labour Code (Code du Travail) and the Interprofessional Convention are in place. In Mauritania, the Labour Code and the Collective Agreement. In Mali, the Labour Code and the collective agreement for the mining sector are in place. In Ghana, relationships are governed through the mining trade unions.

The MAXAM and Other Group Company Collective Agreement establishes, in Chapter 8, specific measures regarding the prevention of occupational risks and health surveillance, in alignment with the Company's strategy and policies on health and safety, described in detail in the following chapter of this report: Health and safety as a way of life.

Relations with the workers' legal representation are based on constant communication and collaboration. In the Spanish work centres, the trade unions with majority representation are UGT, CCOO, ELA and SIX.

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

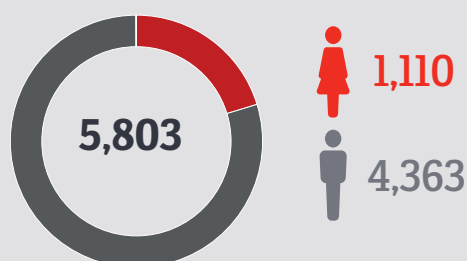
## MAXAM employees in the world

Indicators relating to employees required by Law 11/2018 on non-financial information are set out below. During F20, the Company implemented global registration mechanisms to supply the required information, which were not possible to be included in the previous report (F19), after data related to the workforce in Spain was provided.

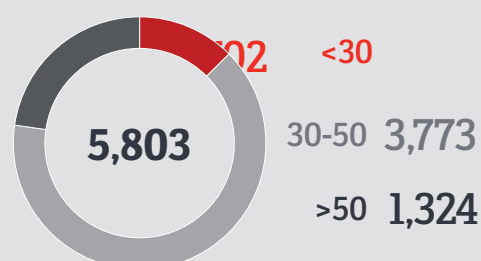
**5,803 employees**  
over the world at the end of FY20

### Total headcount

By



By age



### By professional category



### By gender and professional category

	Male	Female
Management positions	103	20
Technical staff and middle management	1,580	526
Administrative personnel and operators	3,100	564
<b>Total</b>	<b>4,693</b>	<b>1,100</b>

### By age and professional category

	<30	30-50	>50
Management positions	7	6	50
Technical staff and middle management	190	1,524	393
Administrative personnel and operation	505	2,188	881
<b>Total</b>	<b>702</b>	<b>3,777</b>	<b>1,324</b>

- Number of employees with a disability

19

### Total number of dismissals (1)

#### By gender

Men	460
Women	104
<b>Total</b>	<b>564</b>

#### By professional category

Management positions	24
Technical staff and middle management	152
	388
<b>Total</b>	<b>564</b>

#### By gender

< 30	64
30 - 50	330
> 50	170
<b>Total</b>	<b>564</b>

(1) The dismissals figures do not include MAXAM Corp Holding and MAXAM International. In F20, both companies carried out Redundancy Proceedings, which provide for gradual departures during F21.

**Average annual number of permanent, temporary and part-time contracts, by gender, age and professional category**

**Permanent contracts**

	Men			Women		
	< 30	30 - 50	> 50	< 30	30 - 50	> 50
Management positions	7	56	48	1	17	9
Technical staff and middle management	127	1.194	350	52	457	107
Administrative personnel and operations	368	1.604	749	42	300	128
<b>Total</b>	<b>502</b>	<b>2,854</b>	<b>1,147</b>	<b>95</b>	<b>774</b>	<b>244</b>

**Temporary**

	Men			Women		
	< 30	30 - 50	> 50	< 30	30 - 50	> 50
Management positions	0	0	0	0	0	0
Technical staff and middle management	13	13	1	7	9	0
Administrative personnel and operations	113	283	116	10	65	12
<b>Total</b>	<b>126</b>	<b>296</b>	<b>117</b>	<b>17</b>	<b>74</b>	<b>12</b>

**Part - time contracts**

	Men			Women		
	< 30	30 - 50	> 50	< 30	30 - 50	> 50
Management positions	0	0	0	0	1	0
Administrative personnel and operations	0	1	5	0	20	3
Administrative personnel and operations	1	2	10	2	14	6
<b>Total</b>	<b>1</b>	<b>3</b>	<b>15</b>	<b>2</b>	<b>35</b>	<b>9</b>



## Disaggregated remuneration

### Average salary by gender (€)

Men	30,577
Women	36,291

### Average salary by age (€)

< 30	24,825
30 - 50	31,839
> 50	34,628

### Average salary by professional category (€)

Management positions	129,438
Technical staff and middle management	33,363
Administrative personnel and operations	27,093

● Wage wrap 0,85

### Hours of absenteeism

Men	235,756
Women	73,868.5

### Hours of training, by professional category

Management positions	308
Technical staff and middle management	6,612,86
Administrative personnel and operations	14,358,87
<b>Total</b>	<b>21,279,73</b>

(1) The remuneration of members of the board can be consulted in the MAXAM financial report for FY20.

(2) Taking into consideration the average compensation by sex and calculating the ratio between both sexes. As they have not been subject to equalization or weighting, the remuneration indicators can be impacted by salary differences resulting from different locations, functions and age pyramids.

# 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.



Below are some of the major challenges facing a company like MAXAM, as it operates in a global context and aspiring to consolidate its recognition as a reference in the sector:

In the industrial sector, the need to maintain the highest safety standards regarding changes in new developments and production lines, and the opening of new facilities (or the closure of some plants).

In the operations sector, given MAXAM's core role as a service provider for large mining and infrastructure operations, maintaining Safety indicators to contribute to the increasingly stringent customer objectives in the sector, which are a discerning factor when it comes to competition.

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 Management System (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 Management System (PMS)

Defined in F19, the PMS 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.

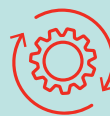
These principles, for the most part, are implemented using procedures from the Occupational Health and Safety Management System. Likewise, the PMS includes the following tools:



- The PMS 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, PMS, 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 PMS 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 FY20 the occupational health and safety department set out the following priorities, which are framed within the long-term action plan culminating in 2021:

	Promotion of a health and safety culture	Excellence in Safety Management	Critical Process Control
<b>Ambition</b>	Safety is visibly present during all daily activities and at all levels of the organisation	The Safety Management uses procedures and tools at the forefront of the industry	Process safety is just as important as safety in the workplace, and the decisions of leaders show this commitment
<b>Aim</b>	Move from a dependent safety culture to an independent one	Have robust safety standards, strategies to reduce accidents and specific programmes	Implement PSM in critical processes throughout all MAXAM operations, ensuring that there is an awareness and control over critical events
<b>Focus</b>	Continue moving towards an Independent Safety Culture, through the consolidation of the responsibility tools development for the Chain of Command and the Risk Factor programme (1)	Continue updating the Occupational Health and Safety Management System: Consolidate the development of the corporate procedure for Health Monitoring and Risk Assessment. Moving toward the new ISO 45001	Consolidate the PSM Programme Development. Consolidate the PSM Gap Analysis. Develop new Mechanical Integrity stages beyond the 7 Basic Maintenance stages. Deploy the new procedure for Change Management and Modifications.
	Continue developing the function and organisational structure of Safety, as well as the definition of its roles		



(1) The Risk Factor Programme is an ongoing action, whose purpose is to consolidate an independent safety culture.



Throughout F20, various organisational changes have occurred to the company structure that may have caused further stress and uncertainty for some teams.

This has been reflected in reactive indicators, such as the TRCR. This phenomenon was visible in all business units. It commenced during the summer and in September a programme was assessed, reviewed and launched to assist the corporate centres to once again focus on and keep in mind the basic principles of safety, which are the MAXAM's Life Saving Rules.

To do this, the BACK TO BASICS Programme was designed, and promoted by Senior Management, which was launched as a global Corporate Campaign in September.

This campaign has been extended to the beginning of F21 through Workshops and discussion forums and each month centres around one Life Saving Rule.

Sadly, on Friday, 17 January 2019, the death of a plant worker occurred during the morning shift at the Páramo de Masa Explosives Factory belonging to MAXAM Europe, S.A. After the multidisciplinary Fact-Finding Committee had investigated the possible causes of the accident, the safety elements have been raised to their highest levels for the relationship processes, in order to avoid any similar incident from being repeated in the future. MAXAM deeply regrets this accident and has accompanied the family and co-workers of the deceased worker during these moments.

The accident rate figures are as follows:

	F20	F19	F18
Near miss <sup>1</sup>	1.495	1.897	1.607
TRCR <sup>2</sup>	1,33	1,1	1,24
GSR <sup>3</sup>	0,54	0,48	0,07
Fatalities	1	1	0
Work-related illness	1	1	0

1,1

Furthermore, the total number of accidents resulting in time off work during F20 was 49, which involved 38 men and 11 women.

(1) Near miss: an unplanned event that has the potential to cause, but does not actually result in, harm, injury or work-related illness. Measured by number of incidents reported.

(2) TRCR (Total Recordable Case Rate): the accident rate, including those entailing leave, those not entailing leave, and work-related illnesses, in the workplace, suffered by employees of MAXAM (whether permanent or temporary) and of sub-contractors, for every 200,000 hours worked.

(3) GSR (Global Severity Rate): severity of the accidents entailing leave, taking into account the number of work days lost in respect of the hours worked by all personnel (permanent and temporary) in the unit in question (MAXAM as a Group, business unit, work centre) and of contractors.

## The Global Covid-19 pandemic

A very significant event in F20 that must be mentioned is COVID-19 global pandemic. At the onset, MAXAM's first priority had been to preserve the health and safety of its workers and people associated with its activity, while also maintaining business continuity.

During the first weeks, mechanisms to coordinate a global crisis response were put in place. Accordingly, two Crisis Management Committees were formed under the helm of Company's Senior Management:

- COVID-19 Global Monitoring and Evolution Committee, whose purpose is the ongoing monitoring of the international evolution of the pandemic, evaluating its potential impact on the continuity of MAXAM's business and implementing the necessary response actions. This Commission has been responsible for making decisions on the immediate global preventive actions that need to be implemented within the organisation, such as global travel restrictions. It has also ensured global notifications to all MAXAM employees on this issue.
  - The COVID-19 Global Prevention and Mitigation Committee, whose purpose is to implement the global guidance required to ensure there are adequate preparation and remediation actions to be implemented globally in all workplaces and in response to the virus outbreak. This Committee ensures the proper dissemination and application of these guidelines throughout the organisation. It is also responsible for coordinating the necessary reporting to third parties.
- Below are the more important measures we implemented at the beginning to control the transmission of the virus:
- Reduce business trips to only those that were strictly necessary.
  - Promote telecommuting on an international level and whenever it is possible to work from home (and at all times for those most vulnerable).
  - Ensure a safe working environment for those who must access work facilities to ensure the continuity of production and operations, through measures such as: more stringent personal protective equipment, preparing flexible work shifts to maximise the safety distance and the deep cleaning and disinfection of work facilities.
  - Remain in close contact with all employees and closely monitor anyone affected by the pandemic and provide advice to all workers to prevent the spread of infection and instil healthy habits for all those working remotely.

## Provisions

For the next fiscal year, the same objectives established for F20 have been carried over and the new budget focuses on re-establishing the basic safety principles, as well as to successfully bringing the Corporate Management System and its global deployment in line with the new ISO45001.

The strict corporate health and safety guidelines are implemented rigorously and precisely, in order to comply not only with the local legal and regulatory standards applicable, but also with our own requirements, with the aim of

building the best work environment possible for our employees. Employees take part in and commit to these objectives through various means, and they ensure that their proposals and interests are integrated into the development and implementation of the safety guidelines. Consulting and involving employees is a key success factor in MAXAM reaching the desired maturity in its culture of safety: safety concerns us all.





# 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.

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 FEIQU 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.

## Reference framework

Las normas de referencia y acuerdos voluntarios suscritos son los siguientes:

**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**

### 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



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.



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

- It addresses significant quality or environmental aspects.
- It directly affects the Quality and Environmental Policies or the management system.

- It affects legal or contractual requirements, or there is a legal obligation to respond.
- Legitimacy of the requests for information, the influence that its dissemination could have on MAXAM's image, impacts on MAXAM's competitiveness, safeguarding of the confidentiality of the technology, processes, products or services of MAXAM or its customers, partners or other stakeholders.

## Risks, opportunities and goals

### ENVIRONMENTAL ASSESSMENT AND LIFE CYCLE

MAXAM has established corporate procedures to identify and assess environmental aspects, impacts and risks. It has also developed a specific tool to evaluate each aspect or impact identified, determining its significance. The significance criteria include the severity of the potential environmental damage, its extent and the sensitivity of the environment affected. This tool has a specific functionality in order to link the life cycle perspective to each aspect evaluated.

The main environmental risks generated by MAXAM's activity in its plants are possible leakages or spills of hazardous substances, gas emissions above the limits established, or discharges that could affect land or water, as well as any possible incidents or legal non-compliance related to the environment.

For each environmental aspect or risk, control procedures and good practice guides have been drawn up, and the best technologies available for new projects or improvements to existing technologies have been identified and recommended.

MAXAM has arranged an environmental risk policy to cover any contingencies that might arise and would have to be addressed by MAXAM, including obligations under Spanish legislation in this regard. During F19, the Environmental Risk Analysis (ARA) derived from Spanish regulations was completed ahead of the legal deadline. This requirement has been met, where it was established that it must be completed before October 2019 (F20).

From a life cycle perspective, the majority of products and services supplied by MAXAM are not reusable or recyclable given their nature and purpose.

A significant environmental aspect in the manufacturing stage is the emission of greenhouse gases, derived from the raw materials used (ammonium nitrate, ammonia, sulphuric acid, nitric acid). Consumed ammonium nitrate derives from the manufacturing processes at the Mazingarbe Plant (France) and other purchases from third parties. The plants Mazingarbe and La Canonja are subject to the EU Emissions Trading System and have systems in place for treating gas (N<sub>2</sub>O) through catalytic reduction.

As regards the source of the energy consumed, the Company does not currently have its own renewable energy (except for a hydroelectric production plant in Wano, Germany). Other opportunities related to the use of renewable energy, such as biomass, have been identified but ruled out to date due

## PROJECTS, RISK AND OPPORTUNITIES, ASSESSMENTS

In accordance with the Corporate Quality Risk Procedure, risks types have been structured along with their evaluation and control tools. During F20, the format and content of the mandatory Environmental Assessment and the Quality Assessment Reporting for new investments, projects or products have been re-reviewed and the updating of the mandatory procedure is planned for the first semester of 2020 (F21).

During F20, the Product and Solution Design and Development Procedure was effectively implemented. The processes of evaluating, approving and developing new products, processes, investments and industrialisation are carried out considering:

- The suitability to the Group's strategy and marketing strategies
- Capacity analysis
- The probability or frequency of the evaluated aspects resulting in the materialisation of risks for the project development or achievement.

Como complemento del mismo, durante el F20, se ha elaborado u nuevo procedimiento de Homologación, Aprobación Oficial y Validación de productos, que incluye los aspectos normativos, legales y sectoriales de aplicación.

As a supplementary effort, during F20, a new procedure for the Standardisation, Official Approval and Validation of products was prepared, which includes the applicable regulatory, legal and industry aspects.

The experience of projects performed in the US by the Outdoors and Defence business units, and the opportunities and risks identified in large mining projects have led the organisation to update key management tools:

- Detailed quality plans, including the explicit indication of customer requirements.
- New environmental requisites for products.
- Risk analysis, in accordance with customer demands and with the technical instructions of the Ministry of Defence for EXPAL projects that require the involvement of a quality assurance representative.

During this fiscal year, investments in environmental improvements have been approved, including equipment replacement and storage improvements preventing contamination, amounting to EUR 3,910 thousand. During the F17-F20 period, environmental improvement or prevention actions amounted to more than EUR 11,310 thousand.



## Objectives and Guidelines

The strategic objectives and guidelines to improve quality and environmental management set for FY17-22, including the relevant achievements in the past year, are detailed below.

### Active participation and compliance.

This objective includes the review of the organisational structure and strengthening of resources for quality and the environment in each business unit; the roll-out of the Basics of Quality and Environmental Good Practices, translated into different languages and distributed in all of MAXAM's centres; training in key areas such as problem-solving (more than 500 people have received training in problem-solving techniques over the last four years"); reinforcement of the commitment to comply with legal and contractual requirements (through providing a service for identifying legal requirements in over 40 sites).

Training activities, conferences and workshops to be carried out in F20:

- Training and education in the Use of Energy Management Equipment
- Lead auditing training and education in Power Quality and Management.
- Management Training in Configuration and PLM.
- Training and education in Problem Solving and Advanced Problem Solving.
- Training and education and qualifications in advanced statistics.

### Environmental control and quality plans

The objective in this area is to roll out the corporate model for quality control plans (QCPs) and the new environmental control plan model. The Corporate Guide on the Basic Guidelines and Good Laboratory Practices published at the end of the previous fiscal year has been distributed to establish good practices at laboratories, analysis rooms, and inspection and control areas.

In FY20 and in accordance with the quality management model in place, the Corporate Manual on Quality and the Environment, including technological and product management, was reviewed and the key due diligence procedures, as well as the management of incidents, nonconformities and, grievances, were updated.

### Assurance and improvement

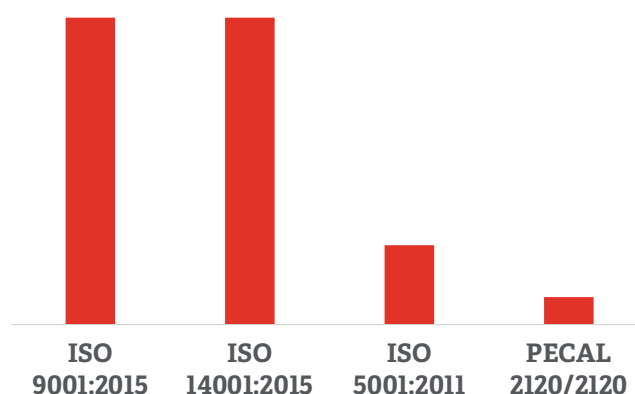
The Manual was updated in January 2020, specifically to include the organisational changes up until December 2019.

In the majority of centres the certified management system incorporates ISO 9001, ISO 14001, OHSAS 18001 (transitioning to ISO 45001), and other specific certifications due to the position in markets or with customers (PECAL/ AQAP 2120 and 2110; AS9100; ISO 14006).

MAXAM was the first global company in Spain to transition its entire certification programme to ISO 14001:2015 and ISO 9001. This transition was effective in December 2015 for both standards (and for the first centres certified under ISO 50001:2011).

de las normas ISO 14001:2015 e ISO 9001 de modo conjunto en todo su programa de certificación. Dicha transición se hizo efectiva en diciembre de 2015 para ambas normas (así como para los

Number of industrial centres included in the multi-site system under the benchmark standards certificates.





ISO 50001, which as yet has only been minimally implemented at other companies in the sector, was adopted by MAXAM in 2015 with the aim of fostering compliance with the EU Energy Efficiency Directive on a global scale. Although the certification has not been implemented in a large number of centres, these centres represent over 80% of the Company's total energy consumption. The transition to the new ISO 50001:2018 version is expected this year 2020.

The external certification audit plans were undertaken by BSI (British Standard Institution) in 2012-2015 and by DNV-GL (Det Norske Veritas) in 2015-2018. This new recertification period from 2018 to 2021 is being carried out by LR (Lloyds Register Quality Assurance).

### Diseño robusto y competitividad

In order to ensure a robust design of products, systems, services and solutions, the Company has identified and planned new advanced tools and processes to design products and solutions and to ensure the quality of the engineering and industrialisation processes.

During this fiscal year, the advanced design tools have been consolidated, and the three defined pilot plans have been successfully completed (MEMU trucks; bulk modular plants; electronic detonator) for the configuration management application using PLM integrated with autocad 3D.

Areas of work related to the environment as a competitive element have also been identified: environmental aspects required by customers, carbon economy and global energy efficiency of processes. Special attention has been given to the analysis of solutions for the reduction of dumped material during the manufacture of dynamite, hydrogels and penthrate.

## Key indicators

Below relevant indicators. The re-calculation of all the indicators over past years has been completed, in order to process all the acquired data and update the emission rates with regard to scientific and technical knowledge.



Materials and resources



Energy



Water



Biodiversity



Climate change and emissions



Circular economy and waste management



## Materials and resources

The non-renewable materials (GRI 301-1) used in manufacturing entail chemical products and minerals totalling 650,000 tonnes per year for the TS, OU and CH business units.

Chemical products represent around 80% of the total consumed raw materials.

Containers and packaging (GRI 301-3) comply with the established legal provisions. MAXAM collaborates with the domestic and international authorities in the sector.

		F17 NH <sub>3</sub> t	F18 NH <sub>3</sub> t	F19 NH <sub>3</sub> t	F20 NH <sub>3</sub> t
CH	NITRICOMAX (La Canonja)	10.365	11.641	10.913	7.991
TS	MAXAM TAN (Mazingarbe)	45.812	49.896	30.390	66.817
	<b>TOTAL</b>	<b>56.177</b>	<b>61.510</b>	<b>41.303</b>	<b>74.808</b>



## Energy

Energy consumption in MAXAM's different activities comes from electricity, fuel and natural gas, and demand is greatest at the industrial plants in which chemical processes such as nitration and nitric acid production, as well as forging and metalwork, are carried out.

In assembly plants and bulk explosive manufacturing plants or transfer plants, energy consumption is limited to heat generation for

the mixing processes, and the maintenance of the ambient temperature for loading and unloading activity, respectively.

The core improvement targets for fuel consumption and reduction have been centred on the modification of burners and fuels, reactive energy reductions, use of frequency converters and capacitors.

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

The energy consumption at the production centres, specifying the natural gas, fuel and grid electricity consumed, is shown in the table below.

The rate of reduction in F20 compared to the average over the previous three years (F17-F19) is 4.5%.

F17	Electricity (MWh)	Fuel (t)	Gas (m <sup>3</sup> )	Total energy Consumption (GWh)
CH	35,108.0	124.0	4,770,961.0	90.2
DE	20,151.4	1,138.1	343,232.0	41.7
OUT	9,778.1	214.8	772,196.3	21.0
TS	29,335.9	5,117.5	2,504,010.0	116.1
<b>Total</b>	<b>94.373,4</b>	<b>6.594,4</b>	<b>8,390,399.3</b>	<b>269.1</b>

F18	Electricidad (MWh)	Fuel (t)	Gas (m <sup>3</sup> )	Total energy Consumption (GWh)
CH	34,217.0	134.0	5,961,219.0	102.8
DE	25,919.7	468.8	619,821.2	41.1
OUT	9,925.0	87.9	973,366.0	22.0
TS	29,139.4	5,981.0	1,697,566.8	122.6
<b>Total</b>	<b>99,201.1</b>	<b>6,671.8</b>	<b>9,251,972.9</b>	<b>288.4</b>

F19	Electricity (MWh)	Fuel (t)	Gas (m <sup>3</sup> )	Total energy Consumption (GWh)
CH	32,480.0	1,96.0	5,100,646.0	92.1
DE	18,949.9	1,085.6	602,225.2	42.6
OUT	7,821.7	7.0	993,857.8	20.3
TS	29,508.8	5,573.6	2,414,665.0	120.6
<b>Total</b>	<b>88,760.4</b>	<b>6,862.2</b>	<b>9,111,394.0</b>	<b>275,5</b>



F20	Electricity (MWh)	Fuel (t)	Gas (m <sup>3</sup> )	Total energy Consumption (GWh)
CH	31,957.0	80.0	6,076,615.0	101.2
DE	14,560.7	997.3	314,331.7	31.2
OUT	8,167.6	2.0	869,457.1	18.9
TS	27,168.2	4,812.0	2,134,490.9	106.3
<b>Total</b>	<b>81,853.5</b>	<b>5,891.3</b>	<b>9.394.894,8</b>	<b>257.5</b>

\* Totalised consumption in GWh, using officially established factors (IDAE, MITECO). Gas consumption was in the form of natural gas, or are expressed as m3 Gn equiv., for the purposes of the calculation.



## Water

Water consumption of the production centres for the year considered in this report and the two prior years is shown in the tables below.

Actions to improve water consumption are focused on avoiding unnecessary wastage in cleaning and reducing consumption in processes by optimising and recirculating cooling water. Most MAXAM centres receive their water from wells, supplemented by the industrial or household grid in some cases.

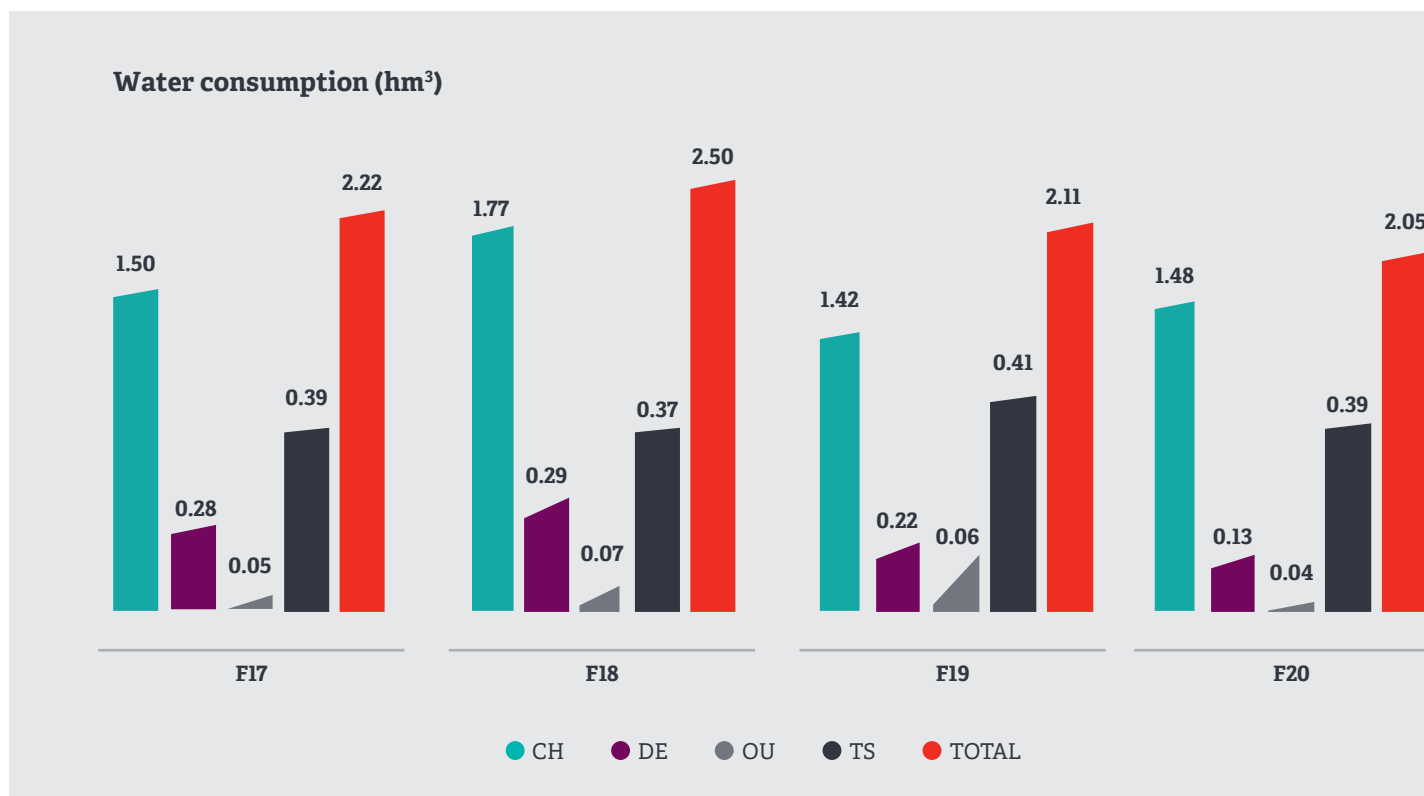
Treatment systems are used to remove pollutants from process water.

Examples include pre-treatments to recover solvents in gunpowder manufacturing (factories in Murcia and Galdácano, Spain); reverse osmosis pre-treatments (Mazingarbe, France); recovery of solvents in primary explosives water (Páramo de Masa, Spain); recovery of acids used in nitration processes (factories in Murcia and Páramo de Masa, Spain); and solids filters (cartridge explosives plants).

Sanitary water is generally discharged through filtration to the ground after being treated in septic tanks, except in centres connected to the public sewerage system.

Water is discharged to sewer networks or public waterways, or retained in evaporation pools when it is of insufficient quality to be discharged to the environment (e.g. Santivañez, Bolivia; Páramo de Masa, Spain; Roodeport, South Africa).

**When compared to the previous years, F20 data indicates a reduction in consumption of 8.6% compared to the four-year average, and a 12% reduction between F18 and F20.**



## Biodiversity

The majority of MAXAM's industrial facilities are located in depopulated areas, in the vicinity of rural areas, or within industrial or mining activity sites; they are not located in protected areas or areas of high biodiversity value.

The only site located inside a special protection area belongs to the Balkan National Park, administered by the Bulgarian Ministry of Environment. This being the Tcharkovo site (Gabrovo, Bulgaria). The divestment made by the EXPAL subsidiary, the operator of the site, has been completed.

Due to their location and limited environmental impact, many MAXAM factories contribute to preserving and boosting growth of forest areas. The "El Gordo" facility in Extremadura has grassland covering 290 hectares, dominated by holm oak and kermes oak trees.

In Galdácano, Basque Country, the natural environment of the factory covers a total of 387 hectares and contains various species of leafy trees, such as acacias, ash, oak, banana and birch, as well as related wildlife like deer, boars and foxes.

The forested area at the Páramo de Masa factory in Burgos covers 1,000 hectares, 200 of which stem from the Soil and Reforestation Project undertaken by MAXAM over the past 15 years. The forest area contains 300 hectares of pine trees (wild pine and Austrian pine) and 90 hectares of gall oaks. The rest of the land is made up of scrubland, gall and holm oak shoots, and shrubbery.

Another noteworthy aspect of the natural surroundings of the Páramo factory lies in the creation and preservation of wetlands around the source of the Hontomín and Ubierna rivers. These wetlands are monitored to assess possible improvements and to increase the nitrate uptake efficiencies.

In addition, at the Páramo de Masa site a specific initiative covering 70 hectares is underway to contribute to biodiversity preservation, protecting and fostering the breeding of the Losino horse, a breed of small horse or pony indigenous to the Castilla y León region. MAXAM performs other activities, such as in the Hernshaw factory in West Virginia, USA, which show respect for and integration with the environment. This factory keeps 75% of its land covered in natural woodland, with over 35 species of trees catalogued by the West Virginia Division of Forestry.



## Climate change and emissions

As regards climate change-related emissions and carbon emissions, MAXAM's production activity in Europe that is subject to the EU Emissions Trading System (EU ETS) is that carried out by the nitric acid production plants.

The production of nitric acid generates the emission of N<sub>2</sub>O, a gas with a greenhouse effect 296 times stronger than carbon dioxide. For this calculation, the emissions are converted into

tonnes of CO<sub>2</sub> equivalent, including the CO<sub>2</sub> from the supplemental fuel used.

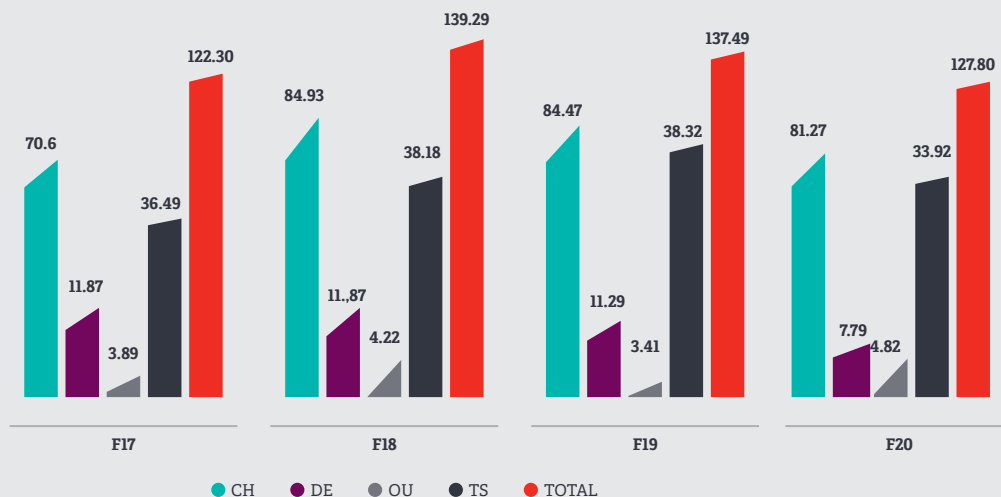
The NITRICOMAX (La Canonja, Spain) and MAXAM TAN (Mazingarbe, France) plants receive or buy carbon emission allowances (EUA) for each calendar year, which are surrendered in April each year. The table below shows the verified emissions of each plant by calendar year.

GHG t CO <sub>2</sub> equiv	2016	2017	2018	2019
<b>NITRICOMAX La Canonja</b>	<b>22.315,0</b>	18.210,0	24.054,0	24.543,0
<b>MAXAM TAN Mazingarbe</b>	<b>27.339,0</b>	<b>41.475,0</b>	<b>54.022,0</b>	<b>55.505,0</b>
<b>TOTAL</b>	<b>49.654,0</b>	<b>59.685,0</b>	<b>78.076,0</b>	<b>80.048,0</b>

\* Totalised consumption of greenhouse gases (GHG), using official equivalences.

Furthermore, the attached Table shows the carbon emissions per business unit, expressed as CO<sub>2</sub> equivalent (kt CO<sub>2</sub>-eq), calculated on the basis of the consumption of natural gas and fuel, and estimated on the consumption of electrical energy (partially corresponding with the GRI 305-1, 305-2 and 305-3 indicators).

### CO<sub>2</sub> (kt CO<sub>2</sub>-eq)



\* Calculation of carbon emissions using official data (IDEA, MINER) and estimation of emissions from the grid, by country (Grid Electricity Emissions, June 2019. Carbon FootPrint). Data from previous years as re-calculated, having been initially calculated using a generic factor.

Estimated carbon emissions from the transportation of goods and logistics in FY20 totalled approximately 25.5 kt of CO<sub>2</sub>, comprising 0.5 kt of CO<sub>2</sub> equivalent from fuel used in own vehicles and 25.0 kt of CO<sub>2</sub> from third party transportation (product logistics and stockpiling of raw materials). These values are similar to those reported last year.

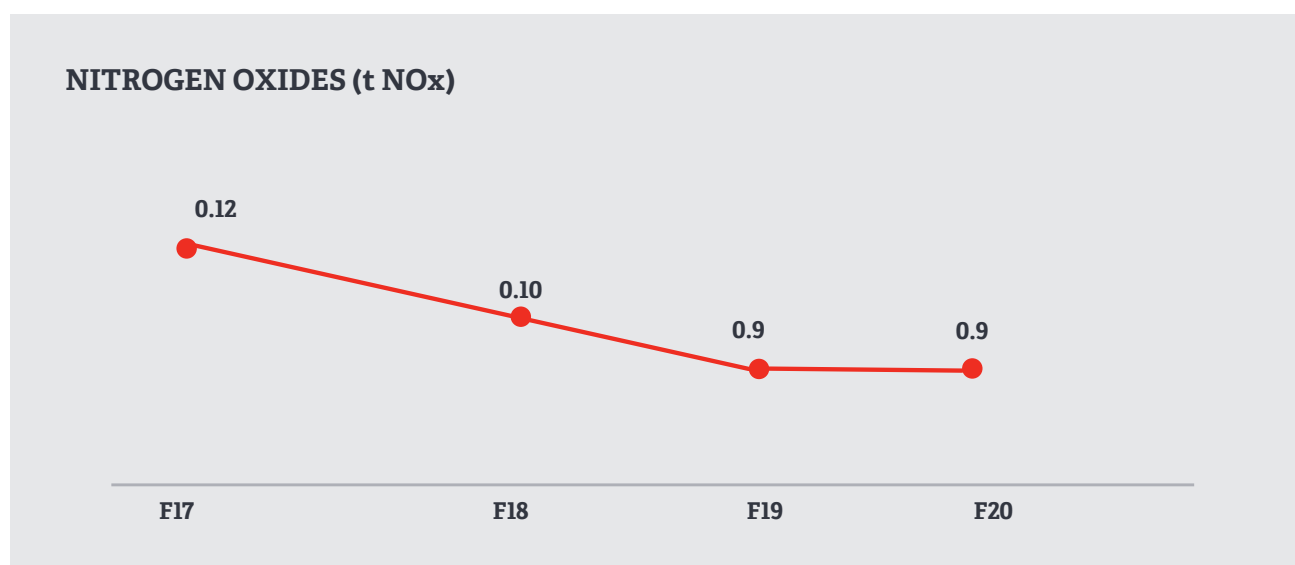
Studies aimed at optimising the use of energy (and therefore carbon emissions), commissioned by the Cooperative Research Centre for Optimising Resource Extraction (CRC ORE, Australia), estimate that the optimised use of explosives could be three times more profitable in terms of energy consumption than simple mechanical excavation.

These estimates have been corroborated by MAXAM's applications experts ("Blasting optimisation: financial and environmental improvements". J.A. Pascual, in Current techniques in civil engineering, mining and geology. "Role of explosives in mining". F. Lobo, J.A. Pascual, J. F. Domingo, M. López Cano, J.M. Fuentes, in the Instituto de Estudios Económicos magazine).

In addition to carbon emissions, plants which carry out nitration processes or produce nitric acid emit nitrogen oxides (NO<sub>x</sub>). These include the plants in Mazingarbe (France), Javalí Viejo (Murcia, Spain), Páramo de Masa (Burgos, Spain) and La Canonja (Tarragona, Spain).

The aggregate total emissions for the current fiscal year and the three prior fiscal years are shown in the table below.

As an opportunity for MAXAM's activity, in relation to cutting carbon emissions, it is worth mentioning that the blasting products and systems used in mining, quarrying and construction offer high levels of energy with insignificant carbon emissions compared to those produced by the use of mechanical machinery to perform the same task. Using energetic materials can reduce carbon dioxide emissions by up to eight times compared to excavations using mechanical means, and up to 40 times for crushing rock using the same means.







## Circular economy and waste management

The waste generated in MAXAM's activities is identified, classified and managed depending on how hazardous it is.

In each plant waste is identified, classified, stored and managed based on how hazardous it is and applicable legislation.

Hazardous waste includes explosive residues, which are reused, inerted or destroyed as per applicable legislation, and other hazardous waste containing hazardous chemicals; oils and greases; paints or solvents.

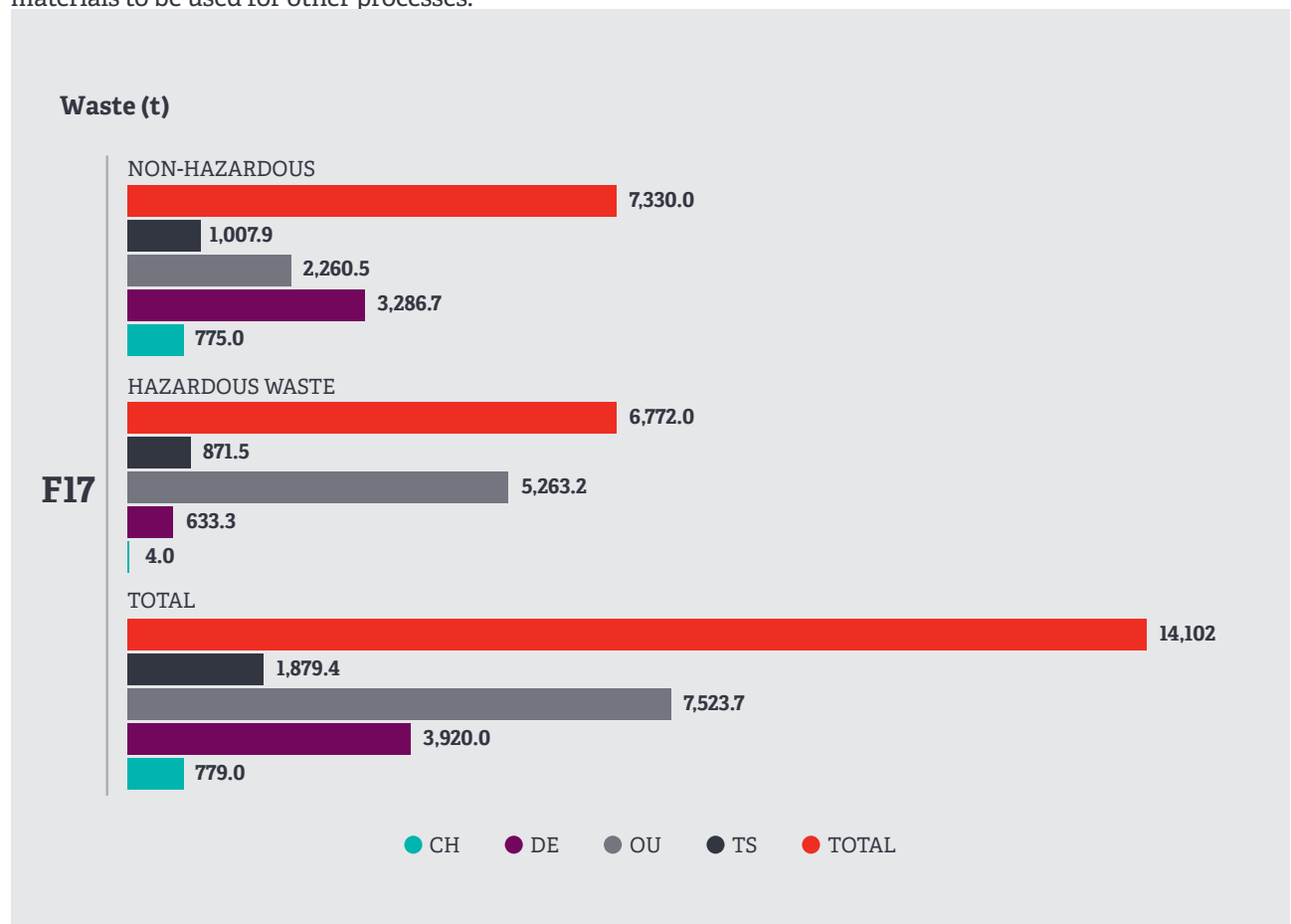
With regard to the circular economy, the demilitarisation activities being carried out by EXPAL in US and in Europe are worth mentioning. Along with the destruction of obsolete material, this activity included the recovery and adequate treatment of raw materials to be used for other processes.

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

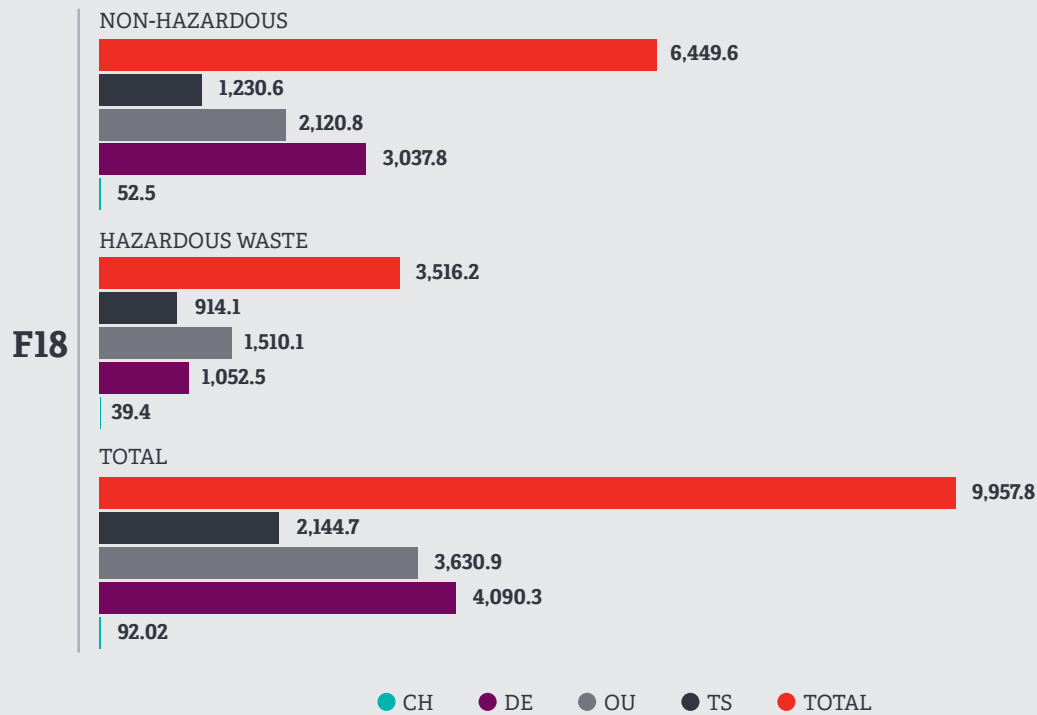
As indicated in the section on life cycle and environmental assessment, due to their purpose, most of the products and services supplied by MAXAM are not reusable or recyclable at the end of their useful life.

Regarding the waste generated, in all the MAXAM plants the 3 Rs are advocated: reduce, reuse and recycle. These strategies and explanatory leaflets to raise awareness of all personnel facilitate progress in reducing waste generation.

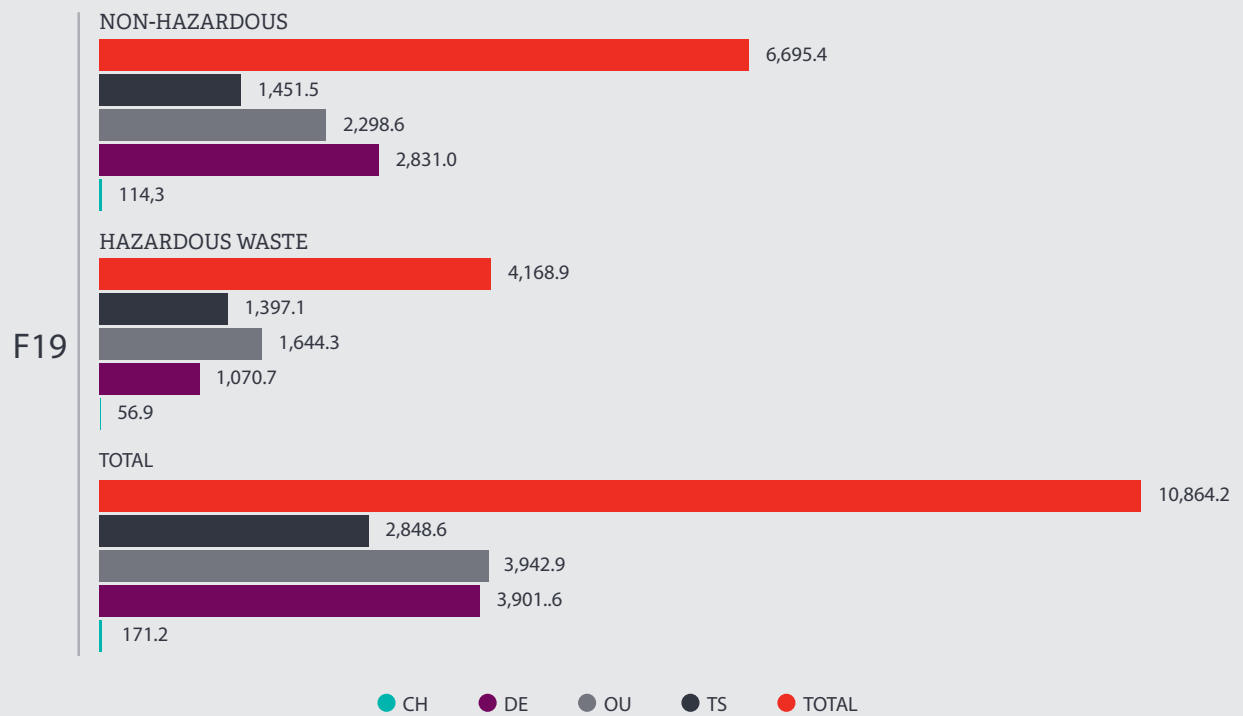
The accompanying data can compare the F20 results with those of previous years. In F20, a reduction of around 30% was observed in terms of total waste generated and in terms of hazardous wastes, when compared to F17.



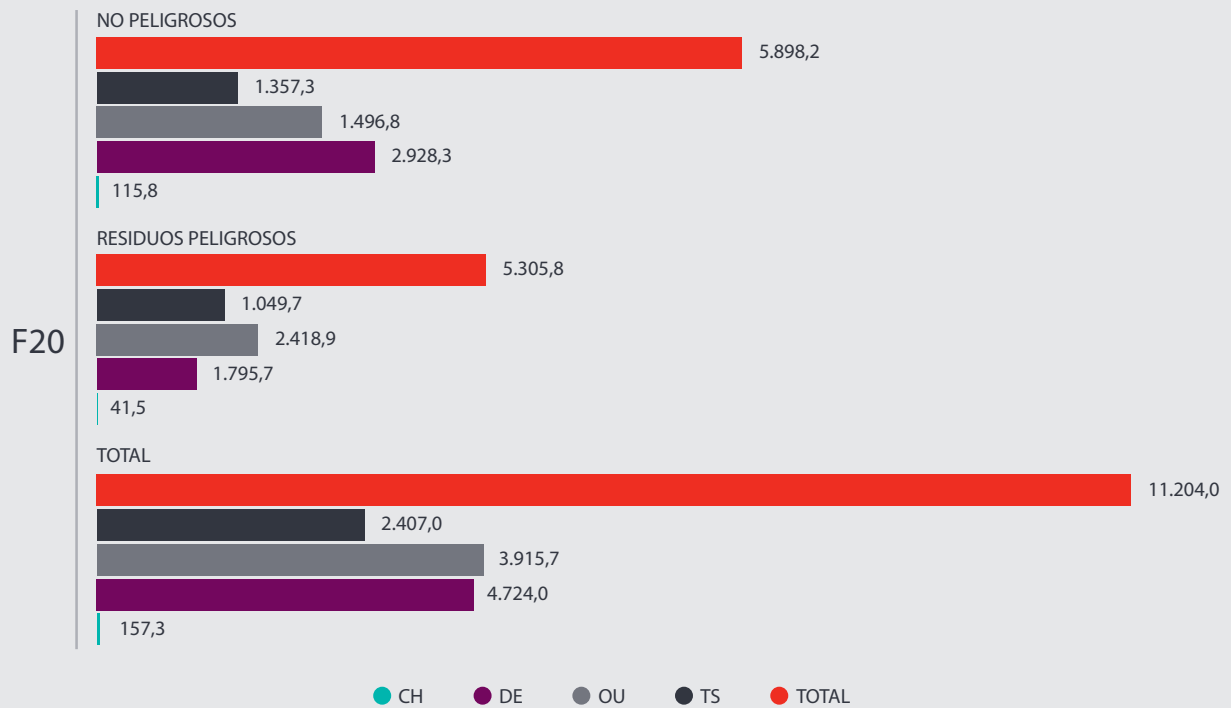
## Waste (t)



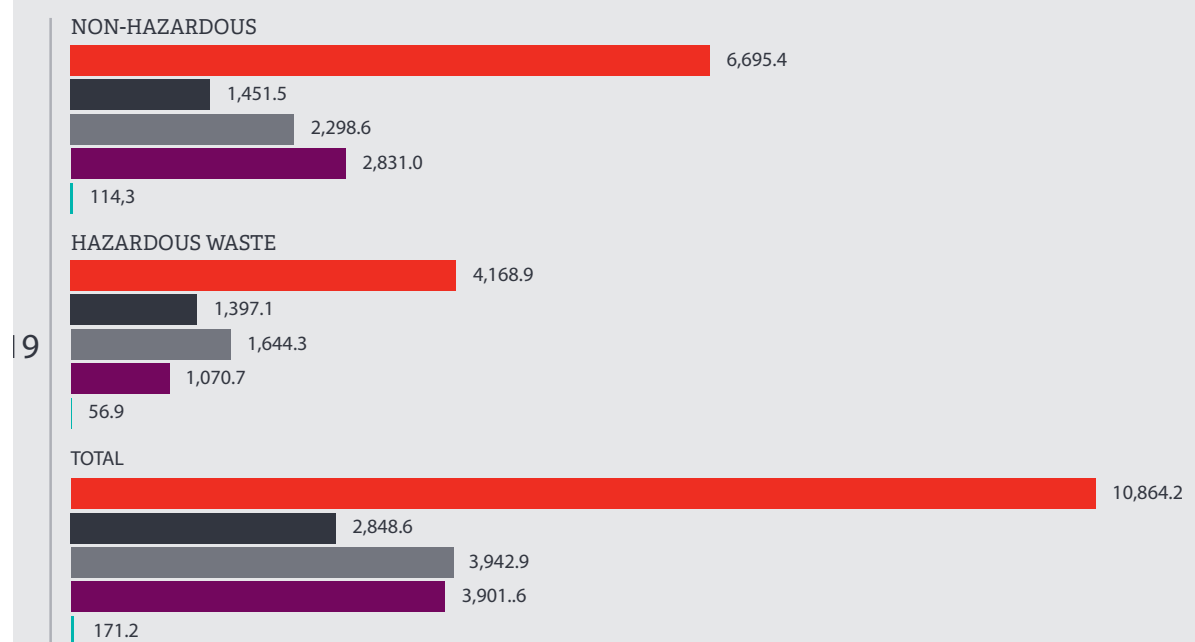
## Waste (t)



## Residuos (t)



## Vaste (t)



## Incidents and Compliance

Environmental incidents (GRI 306) are classified based on their severity and actual or potential impact on the environment. Significant incidents entail or can entail off-site impacts, or fines/penalties. Insignificant incidents are those which do not and cannot entail off-site impacts, and can be redressed without considerable resources or costs.

With regard to legal compliance (GRI 307), over the last four years, some specific claims have

been filed by the public administrations against specific excesses of emissions and permit or license management. The sanctions imposed by the administrations did not exceed EUR 50 thousand, which includes the sanction applied to the Páramo de Masa Plant for an incident caused by an undetected process water leak and that has already been resolved.

The table below shows the number of environmental incidents reported in all of MAXAM's sites worldwide.

	F17	F18	F19	F20
<b>Insignificant incidents</b>	76	78	58	54
<b>Significant incidents</b>	4	6	3	6
<b>TOTAL</b>	<b>80</b>	<b>84</b>	<b>61</b>	<b>60</b>

\*Relevant incident: off-site repercussions, fine or sanction. Non-relevant incident: specifically on-site effects, without any external impact or repercussion.

There was a 30% reduction in incidents at a consolidated level, when comparing the last two fiscal years (F19 and F20) with the previous two (F17 and F18).

For the overall FY17-FY20 period, 60% of incidents are spills, 11% are product leakages from facilities when being handled or transported, 6% relate to atmospheric emissions, 6% to final discharges, and 4% to fires.

During this cycle, 73% of relevant incidents had occurred in manufacturing areas, 22% during logistics and transport activities and 3% in field operations. The remaining percentage correspond to situations arising due to natural incidents.

By business unit, 71% of the relevant incidents corresponded to MAXAM Civil Explosives, which is in line with the geographical dispersion and intensity of its activities. 12% of incidents are





associated with EXPAL activities, 7% of incidents to Chem and 6% to Outdoors.

By geographical area, 39% of total incidents were identified in Europe, 34% in Africa, 11% in South America, 10% in the US and Canada, and the rest in Australia and Asia. In order to reduce these incidents, the Environmental Good Practices have been reviewed and updated in order to foster the proper handling of products to prevent spills as well as the correct maintenance of facilities (through the Basics of Maintenance) to prevent leakages.

## Suppliers

MAXAM has over 15,000 main suppliers, including manufacturers, distributors, hauliers, maintenance services and skilled labour, spread out across the world.

Currently 60% of MAXAM's suppliers are European, 7% are based in Asia, and the rest are located across Africa, the US, Oceania and South America. In order to bolster the efficiency of this network, the Company has developed a network of local suppliers in countries where it has a strategic presence, such as South Africa, Chile, Canada and Eastern Europe.

MAXAM provides its suppliers and contractors with its Corporate Quality and Environmental Policies, as well as the mandatory quality, environmental and energy requisites, and its policies on occupational health and safety, physical security and access.

The requirements established include compliance with the environmental legislation applicable to the contract scope. These requirements are updated during FY20.

The "Occupational Health and Safety, Environmental, Security and Quality Requirements for Suppliers" document is contemplated in all contractual agreements arranged. This document is available on the Company's specific webpage for suppliers ([www.maxam.net/providers](http://www.maxam.net/providers)).

Contracts with service providers include a clause on the protection of human rights with service provider relationships, which have a link under the general purchase conditions referring to the MAXAM code of ethics.

Over the last three years the Company has developed the Corporate Suppliers Development

and Approval function, which is tasked with ensuring that the suppliers included in the list of approved suppliers are in line with the needs of MAXAM's business. This function has implemented a system for auditing and assessing suppliers. The following risks have been considered to determine the level of importance (low, medium, high):



**Non-compliance with legal and contractual requirements and obligations;**

**Supply and operational risk;**

**Impact on products, services or markets;**

**Economic-financial risks;**

**Reputational Risk;**

**Information security risk;**

**Environmental impacts.**

In the last fiscal year a new procurement procedure was approved, effectively introducing environmental, financial, technical and ethical evaluation criteria, in addition to commercial criteria (price). This procedure applies to the entire Company, including subsidiaries, and details the effective mechanisms for initially assessing suppliers, the standardised tools for compiling information, and the work flows based on the level of importance set, assigning each category of supplier specific prerequisites for their approval.

Any incidents, non-compliances or breaches by a supplier must be reported immediately to MAXAM, which will take suitable corrective action.

The following objectives were met in FY20:

- **Progressive approval of suppliers of high importance under the new procedure, with 30% of the total already approved.**

- **-Training and education throughout the organisation on the critical importance of correctly managing the supply chain, with the introduction of other factors such as quality, financial solvency and ethical commitments by the supplier, not just price, for procurement decision-making. Specific training was given covering the most relevant countries from a procurement point of view: Spain, South Africa, Russia, Chile and China.**

## Customers and markets

### Product Stewardship and Traceability

MAXAM has a corporate procedure for product custodianship (GRI 416), which defines the process of developing, reviewing, approving and distributing technical documents for the customer, including products, systems, services or global solutions.

This procedure affects user manuals, product factsheets and safety data sheets (in accordance with EU and local requirements in each country where the products are imported, manufactured or sold). It also governs the issue of any certificates of compliance required.

Safety data sheets are reviewed systematically in order to comply with applicable regulations (GHS, CLP, REACH).

The guidelines on handling and using substances include legal obligations and applicable sector recommendations.

Substances manufactured or imported and sold in the EU comply with REACH regulation, and the registration of substances imported or manufactured was completed in May 2018 in accordance with the regulation.

As regards the traceability of each product (GRI 417), MAXAM has been a pioneer in fulfilling the scope of requirements of the European Directive on traceability in the manufacture and sale of explosives in Europe (Commission Directive 2012/04/EU).

## Grievances

Grievances filed by customers, whether distributors or end users, are identified, assessed, classified and managed as per the corresponding corporate procedure.

Grievances filed are classified based on their impact on the product's characteristics, including safety, the financial repercussions and the importance to the customer or market.

In addition to grievances from customers or external consumers, potential grievances between MAXAM subsidiaries are identified and managed following the same process.

In FY20 a total of 171 significant grievances were filed by external customers. There has been a 32.5% reduction in the number of complaints compared to F17 and a 16% reduction between F20 and the previous year.

For key products, such as cartridges, the reduction of relevant external complaints was reduced by 23.1% between F17 and F20. The reduction in complaints on blasting services stood at 26.5% for the same period. The 45.9% reduction in external customer complaints on detonators from F17 to F20 was quite a significant result.

Also, complaints and claims from external customers compared to claims between subsidiaries decreased from 81% in F17 to 68% in F20. This reduction can be associated with the improvement of internal controls throughout the subsidiaries and via the internal processes and the internal supply chain, which helped to reduce any problems from reaching the final customer.

This data depicts the consolidation of the product and service analysis and improvement processes, quality design controls, processes and their applications, as well as the efficiency of the complaints and claims management.

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 clock on the wall and various pieces of equipment. The right side of the image is overlaid with a red semi-transparent panel containing text.

## **Excellence in operations and quality of the service provided to our customers**

In MAXAM we undertake to continuously improve our products, services and solutions, optimising the effectiveness and efficiency of our processes. To this end, our professional teams collaborate with customers, suppliers and distributors throughout the value chain.



## Technological Leadership and Value Proposals Adapted to Customer Needs

Technological developments have been one of the challenges experienced in the segments where the Company operates, particularly the digital transformation of productive activities in environments that drive sustainable solutions and maximise efficiencies.

**1** Customer transformation programmes seek value generation through the modernising of technological bases, speeding up automation processes and connecting systems to facilitate advanced analytics and artificial intelligence. This helps to create a reduction in operating costs, while considerably improving **safety, sustainability and productivity**.

**2** This trend requires MAXAM to seek technical and technological developments by building closer relationships with customers and focusing on the creation of specific solutions through **joint creation**. To respond more efficiently to this trend, during F20 certain changes were outlined in the Organisation of the Technology Directorate.

**3** The Technology roadmap was designed with a focus on business needs, whose complexity requires the support of the **application** (Applied Advanced Solutions) and the **technological innovation** (R&D) teams, working together and fully connected with operations. The new Technology Directorate integrates both departments (Applications and R&D) to generate powerful and differentiating value propositions by using their technical knowledge and technological developments to achieve our safety, sustainability and efficiency targets and to accommodate each of our customer's circumstances.

**4** Our value propositions were developed through the **"Selective Energy"** application: a new concept combining new technologies of high performance and versatile products and equipment with adaptive systems for operations. We rely on the use of available records and information so we can model, predict and, ultimately, optimise the production processes of our customers (through the appropriate use of energy from our solutions) and, as a consequence, their downstream energy consumption.

It is precisely during the development of these systems, products, equipment, facilities, tools and digital platforms where the activity of the Applications and Innovation teams has been focused during F20, as the basis and foundation for sustainability and business growth in environments that demand the latest technologies and that are extremely competitive.

## Best Service for Operations

During F20, the Company designed a new operations model, designed to ensure service excellence for our customers around the world, ensuring compliance with the changing needs of mining operations.

For this, and through the newly created Operations Department, work is being carried out on the local development of necessary human and material industrial capacities. The degree of development of these capacities is dependent upon the quantitative and qualitative size of the operations carried out in a particular area. Also, the proposed model is based on budgetary controls and improvement actions, ensuring that the return on investment is as fast as possible.





As part of MAXAM's new operating model, major progress has been made in the areas of management and operations.

- 1** Firstly, the **project planning** and management area has been strengthened, which has ensured compliance with the time and cost commitments we have made with customers. To do this, a governance model has been implemented to integrate all the key functions need to achieve these commitments. Moreover, the major raw material supply sources have been reorganised to ensure availability and, consequently, to optimise quality and costs.
- 2** In the area of technological developments, there is a **new portfolio** of bulk supply equipment, as well as our mobile loading and die manufacturing units, where the performance of each piece of equipment is adjusted to our customers' needs and expectations. Also, a new generation of electronic initiation systems has been developed, which offer the performance demanded by the new mining service applications. Moreover, to achieve our aim of improved efficiencies and service optimisation, the formulation of each product has been analysed and tailored to the specific customer requirements of each application and, therefore, supplying the optimal energy in each case.
- 3** In parallel, MAXAM has enhanced its **technical applications** area, broadening its knowledge sharing on a regional level with highly qualified local professionals that optimise each operation with real-time responses to the evolving needs of mining services, which are dependent on the geological features of each site. In its contribution to process improvement, the applications area serves as the nexus between the reality of operations and the technology area, quickening the pace of the ongoing improvement cycle.

## Robust System for Industrial Excellence

MAXAM has a global footprint and highly competitive industrial capabilities ensuring a customer service that is agile and flexible from our industrial facilities on five continents. In F20, the Company worked on the opening of two new production centres (Chile and Uzbekistan), as well as increasing the production capacities for assembling and loading non-electric detonators at plants in Russia and Spain, respectively. Also, the Spanish plant has a new booster line installed.

With a view to ensuring industrial excellence within the organisation, taking into account the global growth and diversification of the network of production facilities, MAXAM has its own Industrial Excellence System (IES), comprising a set of management tools and dynamics for continuous improvement.

In addition to the improvement measures we traditionally implement in our production network (through investments, acquisitions of new machinery and/or development of new products/services), the IES model opens up two new ways of improving our production network:

Organisation of the MAXAM plants into autonomous teams focused on continuous improvement, providing them with the information, communication channels, tools and resources necessary to manage problems and carry out pertinent actions.

- Execution of specific projects aimed at realising improvements, which study cross-cutting processes (involving various departments/areas) and identify - and eliminate - activities with no value in production costs at all times.

The model is based on employee motivation and involvement to achieve product/service quality and the swift responses demanded by customers, ensuring occupational health and safety, respect for the environment, and efficiency in production costs at all times.

Through the IES unnecessary activities are removed from our processes enabling us to be swifter, more flexible and cost efficient and provide higher quality to customers.

The following added improvements made during F20 are worth mentioning:

- Efficiency and productivity upgrading of the Electronic Detonator lines in Spain and the Non-Electric Detonators lines in Bolivia and Australia.
- Increased productivity in the plastic Booster line in Spain.
- Organisational improvements and equipment availability, ensuring the supply of cartridge explosives at the Roodepoort plant in South Africa.
- Balanced operations reducing startup times and maximising the hydrogel line capacity in Spain.
- Value-Stream-Mapping analysis, optimising productivity and reducing internal logistics costs at the Cartridge Explosives plant in Spain.
- “Kaizen” and “SMED” workshops, as well as other workshops, to increase efficiencies for the Emulsion line in Ghana and to reduce set-up times for the “Special Gauges” line (cartridges) in Spain.

## A supply chain model tailored to customer demand

During F20, MAXAM focused on the development of its new supply chain Masterplan addressed to the optimisation of its global supply based on specific customer needs. The improvements centred on significant digitisation investments for the consolidation of work processes as well as to improve efficiency, effectiveness and agility.

Also, the global complexities created by the COVID-19 pandemic have served as a stress test for the robustness and agility of MAXAM's supply chain. Our supplier network, logistics and internal production operations have passed this stress test. Through these processes, along with the advanced contingency planning, we have steered our way through this complex situation without any problems while maintaining our excellent service levels. The Company's experience in successfully managing complex situations in the past, such as the 2014 Ebola outbreak in West Africa, has undeniably contributed to this performance.



A person wearing a blue hijab is seen from the back, looking at a large, vibrant abstract painting. The painting features a mix of colors including blue, yellow, red, and green, with some geometric shapes and a central vertical element. The background is a solid teal color.

## Social contribution to the communities where we operate

As part of its sustainability strategy, social action in MAXAM is channelled through the MAXAM Foundation. The aim of the Foundation is to contribute to the development, progress and wellbeing of our society through activities of a civic, social, educational, cultural, scientific and artistic nature, as well as technological research and development. Its initiatives are born from dialogue with public and private entities and associations in the areas where the Company operates.

Para su gestión y funcionamiento tiene como marco autorregulatorio:

- El Código Ético de MAXAM.
- Los 10 Principios del Pacto Global de NN.UU.
- Los Objetivos de Desarrollo Sostenible 2030 de NN.UU.

La actividad de la Fundación se basa en dos pilares, cultura y educación.



## CULTURE

ART	HOUSE OF THE EXPLOSIVES	HISTORY
<p>Promote artistic creation through sponsorship and bring it to the general public as a means of collaborating towards human development.</p> <ul style="list-style-type: none"> <li>• MAXAM Painting Collection.</li> <li>• Development of artistic creativity as a vehicle for personal development.</li> </ul>	<p>Museum of Mining and Industry in Asturias (<a href="http://www.mumi.es">www.mumi.es</a>).</p> <p>Museum space conveying to all audiences - young or old - the fundamental role played by energetic products in the development of mining and, as a result, our lives</p>	<p>Highlight the role energetic materials have had in the development of our society since Alfred Nobel patented dynamite in 1866 and founded MAXAM in 1872.</p>



## EDUCATION

### MAXAM CHAIR ON EXPLOSIVES TECHNOLOGY

At the Escuela Técnica Superior de Ingenieros de Minas y Energía (ETSIME) of Universidad Politécnica de Madrid (UPM): provide the best theoretical and practical technical knowledge to future engineers. Training focused on explosives (properties, manufacturing, transportation, storage, use and applications).

The Course, which was launched in 2002, enables students from foreign universities to complete their engineering studies at ETSIME, allowing them and Spanish students to start their practical training in MAXAM's facilities, with the possibility of subsequently continuing their professional career through the opportunities offered by the Company across the world.



## Commitment to Culture

### MAXAM Painting Collection

The MAXAM Painting Collection is the most iconic initiative, which embodies the Company's social action. It dates back to 1899 with the commissioning to Arturo Mérida, a well-known illustrator, painter and sculptor, for the first explosives almanac in 1900. Ever since then, each year, MAXAM has asked an acclaimed painter, highly-regarded by the critics and the public alike, to produce a work to illustrate a new edition of the calendar. Artists are asked to adhere to just two principles: that the image is figurative and that the theme bears some relation to the company's business.

In addition to being a pioneer of business patronage, the Collection was an important driving force behind the poster movement and technique in Spain. It is a tradition that has continued for 115 years, resulting in a unique collection due to its concept, its themes (the world of mining, shooting as an elite hunting sport in the early decades of the 20th century, rural scenes in the 40s, 50s and 60s) and the styles of the artworks (more popular in the early days and at the forefront of contemporary movements in the later period).

Emilio Sala, Cecilio Plá, Julio Romero de Torres, Manolo Valdés and Rafael Canogar are some of the key names in the collection, where their reproductions - in a poster-calendar style - were known as "the museum for those who have never been to a museum". Nowadays, however, it is the works of the MAXAM Collection themselves that are being hung in exhibition rooms and museums.

During the fiscal year, a new piece has been added after the commissioning of painter Chema Cobo to illustrate the 2020 MAXAM Calendar. The work, *If It Happens To Be*, was on display at the Carlos de Amberes Foundation (Madrid) inaugurated on 20 November 2019.

Through 13 pieces from the MAXAM Collection (with contributions from those such as Guillermo Pérez Villalta, Eduardo Úrculo, Clara Gangutia, Luis Menéndez Pidal and Julio Romero de Torres) and 10 sketches by Cobo during the creative process of *If It Happens To Be*, visitors could see how the new artist conversed with



those previously entrusted with illustrating the explosives calendar, and also how he immersed himself in this creative process.

The exhibition revolved around the world of underground and open-pit mining, the concept of expansive energy and its applications, with Galdácano as a source of inspiration, the 1955 calendar that Chema Cobo saw as a child in his father's consultation office, the natural spectacle of the environment, and its human impacts.

Also in November, and in collaboration with the Down Madrid Foundation, the Fourth MAXAM Painting Contest for people with intellectual disabilities was opened, where the participants presented their own interpretations of Cobo's works. Through this initiative, the MAXAM Foundation and Down Madrid seek to promote the participation of people with disability in the national artistic scene, as a key means of promoting full social inclusion.

## MAXAM Social Action in the world

Through its own initiatives and collaborations between the industry and academia, the MAXAM Foundation contributes to promoting social, cultural and educational development in the countries where it operates. The table below summarises the main actions carried out by the Company in the last year, detailing the different locations, the beneficiaries and the amount invested in each of them.

**Total contribution  
amounts to 245,468.88 €**

### CIVIL EXPLOSIVES EUROPE



**LOCATION**



**ACTION**



**BENEFICIARIES**



**AMOUNT  
INVESTED**



**COLLABORATIVE  
ENTITY**

Madrid SPAIN	MAXAM's Business-Chair of Explosives Technology	Students and researchers in the field of mining	42,981.62€	ETSIMÉ
	MAXAM Painting Contest	People with intellectual disability	15,958.00€	Fundación Down Madrid
	Talent Finder Programme	Young people looking for work	33,000.00€	Princesa de Girona Foundation
	Contribution to the activities of the Reina Sofía Museum	Museum space and visitors	2,000.00€	Museo Reina Sofía
Asturias SPAIN	Contribution to the activities of the Asturias Mining Museum	Museum space and visitors	9,445.45€	MUMI

(1) The amounts are indicated individually in local currency in most cases. The total, expressed in Euros, has been calculated based on the exchange rate applicable on 31 March 2020.

LOCATION	ACTION	BENEFICIARIES	AMOUNT INVESTED	COLLABORATIVE ENTITY
El Bierzo SPAIN	Donation of material for training and research for unemployed staff	300 students per year	12,000.00€	Fundación Santa Bárbara
Tarragona SPAIN	Sports scholarships for the Christmas school holidays	Inhabitants of La Canonja	1,000.00€	Municipality of La Canonja
	Scholarships to cover extracurricular sports activities for underprivileged children	Children of La Canonja	1,000.00€	La Canonja Soccer School
Petrosani ROMANIA	Financing of the 2019 OHS SESAM Symposium	Academic and research community in the mining sector	1,700.00€	R&D Institute for Mining Safety of the University of Petrosani
Fagaras ROMANIA	Financing of the municipal Bike-a-thon	500 children	1,700.00€	Municipality of Ávila
Gnaschwitz GERMANY	Contribution to the local youth soccer team	100 children	1,200.00€	SV Gnaschwitz Soccer Club - Dobeschau
Dubrau GERMANY	Contribution to the local shooting club	Local club with 50 members	150€	Asociación SV Schützenverein Hoh. Dubrau
Wano GERMANY	Donation of equipment to local firefighters	Fire Brigades	320€	Fire Brigades of Dörnte and Othfresen

**MAXAM Civil Explosives**  
**NORTH AMERICA**

LOCATION	ACTION	BENEFICIARIES	AMOUNT INVESTED	COLLABORATIVE ENTITY
Elk Valley CANADA	Contribution to the Alberta Mining Safety Association	Mine Rescue Team (Team from Teck)	321.28€	ETSIME
	Contribution to the Annual Alberta Mining Safety Event	Alberta & British Columbia Mine Rescue Association.	321,28€	Alberta & British Columbia Mine Rescue Association.
	Contribution to the Sparwood Coal Mining Conference	Members of the association and city of Fernie	321.28€	Alberta & British Columbia Mine Rescue Association.
	Contribution to the local "Fire in the Sky" event	Inhabitants of Elk Valley (200 participants).	224.89€	
	Donation for the family Christmas event of the engineering trade union	Inhabitants of Sparwood	192.76€	Municipality of Sparwood

**MAXAM Civil Explosives**  
**SOUTH AMERICA**

LOCATION	ACTION	BENEFICIARIES	AMMOUNT INVESTED	COLLABORATIVE ENTITY
Antofagasta CHILE	Technical training for mining professionals	30 students	2,654.34€	Antofagasta Minerals
	Contribution to sociocultural activities and job placement for engineers	150 associates	530.86€	Alumni Centre of Mining Engineers of the University of Antofagasta



**MAXAM Civil Explosives**  
**SOUTH AMERICA**

LOCATION	ACTION	BENEFICIARIES	AMMOUNT INVESTED	COLLABORATIVE ENTITY
Antofagasta CHILE	"Aporta" Project for the improvement of school and day-care centre conditions for those that are vulnerable or at risk, through infrastructure improvements, donation of school supplies and the financing of socio-cultural activities.	"El Trencito de Lulú" Day Care Centre in Antofagasta, with 77 children at risk	2,654.34€	
Lima PERU	Organisation of sociocultural activities for children in Lucumo (gifts and chocolate)	150 children	923.67€	José María Arguedas School, Santa Cruz, Cocachacra
	Donation of money for infrastructure improvements in the area of Cocachacra	120 people	527.81€	Cocachacra Rural Community
Cochabamba BOLIVIA	Donation of recreational and personal care materials to children at risk in Santivañez	611 children, 12 schools, Santivañez	3,285.40€	Educational centres U.E. Kuturipa, U.E. Castor Zambrana, U.E. Rocha Rancho y U.E. La Pampa
	Donation of medical supplies for the local Santivañez Health Centre	Health professionals	908.30€	Santivañez Health Centre
	Contribution for improvements to military personnel housing	Armed forces	2,436.41€	
	Christmas gifts for children living close to the plant	170 children	226.18€	

## MAXAM Civil Explosives SOUTH AMERICA

LOCATION	ACTION	BENEFICIARIES	AMMOUNT INVESTED	COLLABORATIVE ENTITY
Tarkwa GHANA	Collaboration in the Amankuma Festival for the Apinto Hospital facility renovations	Inhabitants of Tarkwa	327.51€	Apinto Hospital
	Sponsorship of educational programmes for the University of Tarkwa	<b>Mining and Technology students</b>	<b>771.53€</b>	University of Mines and Technology, Tarkwa
Ouagadougou BURKINA FASO	Food donation to the local orphanage	100 orphans	3,034€	Ouagadougou Orphanage
Sissingué COTE D'IVOIRE	Contribution to the construction of the local school canteen	<b>School students</b>	<b>204.89€</b>	Sissingué school

## MAXAM OUTDOORS



LOCATION	ACTION	BENEFICIARIES	AMMOUNT INVESTED	COLLABORATIVE ENTITY
Shreveport, LA UNITED STATES	Boy Scout sports shooting sponsorship	Boy Scouts	2,169.75€	
	Contribution to sports activities for young people: camps, championships and other activities	1,800 youth	27,667.94€	NRA Ring of Freedom
	Sports sponsorship	Participants	2,721.44€	Metropolitan Skeet Championship

In our production centers and operations around the world, we establish a fluid relationship with the local community, generating a positive impact in terms of direct employment and contribution to their development.

LOCATION	ACTION	BENEFICIARIES	AMMOUNT INVESTED	COLLABORATIVE ENTITY
Shreveport, LA UNITED STATES	Sports sponsorship	Participants	9,071.46€	North American sport shooting clubs
UNITED STATES OF AMERICA	Contribution to the fight against illegal hunting	General population	226.79€	Operation Game Thief
	Assistance to veterans	American veterans	2,177.15€	Special Operations Care Fund
	Sports sponsorship	Participants	9,539.64€	ATA National Championship
SPAIN	Collaboration with the cancer charity event	Cancer patients	200€	Event Organization
	Collaboration with the charity event to assist families of an injured person	Family members with a hunting and shooting background	150€	Event Organization
	Sponsor of the Woman Hunter Event	Shooting community	150€	Event organisation
	Sponsorship of photograph contest	Shooting community	150€	Extremadura Hunting Federation



## MAXAM DEFENCE



### LOCATION



### ACTION



### BENEFICIARIES



### AMMOUNT INVESTED



### COLLABORATIVE ENTITY

Paris FRANCE	Contribution to the Development of the Code of Good Practice for the propellant production and handling	Professionals in the sector	5,000€	European Association for Study of Safety Problems in Production and Use of Propellants (EASSP)
Madrid SPAIN	Contribution to the promotion of bilateral relations between Spain and the United States	Professionals in the sector	1,850€	The Navy League of the US. Madrid Council
	Support for NATO, aimed at developing peaceful international relations	NA	3,000€	Spanish Atlantic Association
	Collaboration with the Army Museum with the sponsorship of educational and cultural activities	General population and museum visitors	15,000€	Fundación Museo del Ejército de Tierra
	Contribution to the preservation and dissemination of the legacy of the Spanish Navy	General population and museum visitors	3,000€	Museo Naval Foundation
	Collaboration with the Air Museum with voluntary contributions and the sponsorship of the Army Air Awards for Excellence	General population and museum visitors	17,000€	Fundación de Aeronáutica y Astronáutica Española
	Support for The Legacy Association, emphasising Spain's historical and cultural contribution to the formation of the United States	NA	3,500€	The Legacy, the Spanish legacy in the United States of America
	Support for the Master's Degree in Defence Logistics and Economic Management	1	5,000€	Complutense University of Madrid

LOCATION	ACTION	BENEFICIARIES	AMMOUNT INVESTED	COLLABORATIVE ENTITY
Segovia SPAIN	Collaboration with the Segovia Artillery Academy Library.	General population	4.000€	Fundación Biblioteca de Ciencia y Artillería (BCA) de la Academia de Artillería de Segovia
Andalusia SPAIN	Collaboration with the Burgos Defence Culture Course	NA	3,200€	University of Burgos
	Patrocinio de la carrera militar-civil de La Legión	NA	.5.000€	La Legión
Burgos SPAIN	Collaboration with the Burgos Defence Culture Course	NA	3,200€	University of Burgos
ESTADOS UNIDOS	Support for the Navy League	Professionals of the United States Armed Forces	1,451.43€	Navy League

## Contribución a la lucha global contra la pandemia de COVID-19

Due to the outbreak of the worldwide coronavirus pandemic, during the last weeks of F20, MAXAM also worked towards alleviating, as far as possible, the initial shortage of medical resources, through the donation of personal protective equipment to the State Security Forces, hospitals, nursing homes and municipalities close to our manufacturing plants. Also, personnel from the Páramo de Masa and Madrid Plants manufactured masks using 3D printers to be donated for civil protection. It was calculated that a total of EUR 13,050 was contributed.

It was calculated that a total of EUR 13,050 was contributed.

## CONTRIBUTION TO THE FIGHT AGAINST COVID-19



LOCATION	ACTION	BENEFICIARIES	AMMOUNT INVESTED	COLLABORATIVE ENTITY
SPAIN	Donation of face masks	The State's Security Forces, municipalities and health centres close to our industrial activity	11,450€	NA
Tarragona SPAIN	Donation of chemical protection suits	Health authorities	300 €	AEQT
UNITED KINGDOM	Donation of medical supplies	Most affected hospitals	1,300€	NA





# 4

## GOOD GOVERNANCE

MAXAM's governance structure is organised around the following bodies, ensuring an adequate segregation of duties and responsibilities:



## Board of Directors

At the end of the fiscal year, the Board of Directors was comprised of nine members, however, since then one of these posts has been removed. The time of service of the directors varies between less than one year and twenty-seven years.

Board members are appointed by the General Meeting.

The board applies principles of transparency and abstention to avoid conflicts of interest in the governance body. The authorisation for issue of the financial statements includes a section on possible conflicts of interest, in accordance with Law 31/2014, which amended the Spanish Companies Act.

The board members receive a monthly report on the Group's performance in the last month and the accumulated annual performance, including key financial and business indicators, as well as information on the main corporate development projects.

The matters to be addressed by the board are identified by the different business units and General Corporate Management, or through Internal Audit mechanisms. The pertinent steering committees raise the matters to the board, either directly through the Managing Director's or CFO's report, or through the previous notice by the Audit Committee or the Appointments and Remuneration Committee.

This is the highest governance body and it delegates the main executive, functional and management responsibilities to the management team and qualified teams, defining their duties and responsibilities, as well as their position in the corporate organisational structure (hierarchical and departmental reporting lines), granting them appropriate powers, if necessary.

MAXAM's board members receive training on the Code of Ethics, the compliance programme and the model for preventing criminal risk. Every quarter they are informed of the matters addressed in the meetings of the executive committee, audit committee, and appointments and remuneration committee.

## Board Committees

MAXAM's board of directors has an Executive Committee, which has been delegated permanent administration and representative powers, and two specialised committees for specific areas of activity (Audit Committee and Appointments and Remuneration Committee), with reporting, advisory, proposal-making, supervisory and control powers.



### Executive Committee

All the board's powers are permanently delegated to this committee. It holds meetings every month that the board does not, except August. It is currently comprised of six directors, where three are each proposed by both shareholder groups, with two remaining vacancies. The length of service of the executive committee members ranges from less than one to 13 years. .



### Audit Committee

This committee is tasked with internal control, reporting and submitting proposals to the board in relation to financial, occupational health and safety, environmental and compliance matters. It meets three times a year and comprises three members: two representatives proposed by the non-controlling shareholder and one member proposed by the majority shareholder. The members of this Committee have held their position for less than one year.



### Appointments and remuneration committee

This committee is responsible for control and making proposals to the board/committee in respect of matters related to senior management appointments and remuneration. It holds quarterly meetings. The committee has four members, with the two shareholder groups proposing two each. The length of service of these committee members ranges from less than one to 13 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 1

#### 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 130 subsidiaries across 51 countries in five continents. The table below shows the taxes and profits/losses of the Company in each region where it operates, expressed in Euros.

	Total taxes (continuing operations)	Profits or Losses from continuing operations	Total taxes (discontinued operations)	Profits or Losses on Discontinued Operations
<b>EU28</b>	(5,856,844)	(192,451,974)	(7,944)	(7,335,690)
<b>Rest of Europe</b>	(78,310)	727,776	-	820,136
<b>North America</b>	2,092,172	(13,088,914)	(1)	(316,613)
<b>Latin America</b>	(358,537)	81,064,089	-	(427,262)
<b>Africa</b>	(9,456,452)	(9,031,427)	-	-
<b>Asia<sup>1</sup></b>	1,440,746	9,846,945	-	(2,204)
<b>Australasia</b>	(1,848,829)	(4,953,084)	-	-
<b>Total</b>	<b>(14,066,054)</b>	<b>(127,886,589)</b>	<b>(7,945)</b>	<b>(7,261,633)</b>

Details of income from grants received, totalling EUR 922,349.40, by region are as follows, stated in Euros:

	Total grants
<b>EU28</b>	785,307.68
<b>Latin America</b>	137,041.72
<b>Total</b>	<b>922,349.40</b>

(1) Includes countries of the former Soviet Union.

**VERIFICATION STATEMENT  
OF THE NON-FINANCIAL INFORMATION  
MaxamCorp Holding, S.L. and Subsidiaries, corresponding to the financial year  
ended March 31, 2020**

**Terms of Contract**

Lloyd's Register Quality Assurance España S.L.U. (hereinafter **Lloyd's Register Certification**) has been contracted by **MaxamCorp Holding, S.L.** (hereinafter **Lloyd's Register Quality Assurance España S.L.U.** (hereinafter **Lloyd's Register Certification**) has been contracted by **MaxamCorp Holding, S.L.** (hereinafter **MAXAM**) to verify its **Non-financial Report** for the year ended March 31, 2020 (hereinafter referred to as the **Report**), with the aim of complying with the provisions of Law 11/2018 of 13 December, amending the Commercial Code, the consolidated text of the Law on Capital Companies approved by Royal Legislative Decree 1/2010, dated 2 July and Law 22/2015 of 20 July on Auditing of Accounts on Non-financial Information and diversity and applicable to MAXAM and Subsidiaries which is part of the Group's consolidated report.

The **companies included** and their activities are described in the Annex "List of MAXAM Companies" of the Report.

This Verification Statement has been prepared for MAXAM and its subsidiaries

**Criteria**

This report has been prepared:

- According to the requirements included in Law 11/2018,
- Using as guidance the Guide for the development of sustainability reports of the *Global Reporting Initiative* (GRI standards),
- According to ISAE3000 *Assurance Engagement other than audits or reviews of Historical Financial Information*.

**Responsibilities and procedure followed**

The formulation of the Report, as well as the content thereof, is the responsibility of the MAXAM Administrators, which are also responsible for defining and maintaining the management and internal control systems from which information is obtained to ensure that the Report is free from material misstatement due to fraud or error. Our responsibility is to issue an independent verification statement based on the procedures applied in our review

The Report prepared by MAXAM was verified in its review of 9 June 2020. The Report includes information and data on environmental, social, personnel-related issues, including safety and health, human rights, diversity and equal opportunity, the fight against corruption and bribery, and external social performance, suppliers and customers.

Our review work has consisted in the formulation of questions to the Management and those responsible for the different business areas that have participated in the preparation of the Report, and in the application of certain analytical procedures and sample review tests described below:

- Interviews with those responsible for the preparation of the Report, in order to obtain an understanding of how the objectives and policies are considered, implemented or integrated into the overall strategy of MAXAM.
- Analysis of the processes to collect and validate the information contained in the Report.
- Check the materiality analysis carried out by MAXAM and how the requirements and expectations of stakeholders have been identified.
- Review of the adequacy of the structure and content of the Report to Law 11/2018, considering the issues identified as materials by MAXAM.
- Verification by review tests based on sample selections of the qualitative and quantitative information of the indicators and their sources of information. Tests have been defined for a limited assurance level.
- Contrast that the financial information included in the Report has been validated by an independent third party.

These procedures have been applied for the scope defined in the Annex "List of Companies of MAXAM" of the Report for the parameters (information and data) required for Law 11/2018 and considering the GRI indicators.

### **Conclusions**

As a result of our review, no aspect has been revealed that would lead us to believe that the information included in the Report has not been prepared in all significant respects in accordance with Law 11/2018, including the reliability of the data, the appropriateness of the information presented and the absence of significant deviations and omissions.

### **Recommendations**

Progress has been shown with respect to materiality analysis and the consolidation of the data reporting systems by society presented. This has been made possible by the establishment and promotion of corporate systems, which make strategic plans and management tools available to Group organizations.

Once this point has been reached, the following improvements have been identified during our limited assurance verification, which do not modify our assurance conclusion presented in this verification statement:

- Incorporate in all data collection processes for systematic reporting defined to provide data with the same level of accuracy and reliability.

- Although a systematic, reproducible and consistent materiality analysis has been carried out, it is recommended to strengthen the comparison with other organizations that are referents for MAXAM. This will allow for a clear view of MAXAM's position with regard to these references to sustainability and focus on improvement, as well as understanding and valuing what information and data are provided to stakeholders.

Signed by:

18023690Q Digitally signed by  
OLGA RIVAS 18023690Q OLGA  
(R: RIVAS (R:  
B86612140)  
B86612140) Date: 2020.07.23  
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Olga Rivas Castellón  
Lead Verifier  
Lloyd's Register Quality Assurance, S.L.U.



The background of the entire page is a deep red color with a complex, low-poly geometric pattern. The pattern consists of numerous triangles of varying sizes and shades of red, creating a textured, crystalline effect. Small, solid red dots are placed at the vertices of these triangles, further enhancing the geometric theme.

maxam  
Beyond Performance