

FISCAL YEAR

01.04.21-31.03.22



SUSTAINABILITY REPORT

UBE
UBE Corporation Europe

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1. LETTER FROM THE PRESIDENT

[102.14/ 102.15]

Castellon, May 28th, 2022

The 2021 fiscal year of UBE Corporation Europe, S.A. Unipersonal (UCE) has been framed between the social and economic consequences of the pandemic caused by Covid-19, and the invasion of Ukraine at the end of February 2022. While in April 2021 our group took a further step in the development of its commercial network with the opening of the representative office in Istanbul (Turkiye) to serve the thriving market in the Middle East, the war situation unleashed in Eastern Europe at the beginning of 2022 has meant a strong negative impact due to the cessation of operations in the Russian market and new generalized increases in energy costs and raw materials, the greatest effects of which will probably materialize in fiscal year 2022.

At the time of issuing this report, the companies of the UCE group are at the beginning of our new medium-term plan (Mid Term Plan 2022-24) and despite facing great geo-economics uncertainty and an unprecedented war situation in Europe, like never before seen in the last seventy years, we are determined to continue working with our best capabilities and resilience, serving our clients with a clear focus on quality, service, collaboration and innovation and carrying out investment projects estimated at 95 million euros during the three years mentioned.

In compliance with Law 11/2018, of December 28¹, and in accordance with the GRI Standards (Global Reporting Initiative) methodology for sustainability reports, this Non-Financial Information Report of UBE Corporation Europe encompasses the activities and initiatives carried out in the period April 1, 2021 - March 31, 2022², in a relevant, comparable and verifiable manner.

The measures applied during the year by the Business Continuity Committee established at the beginning of the pandemic have made it possible to overcome its successive waves of impact, safeguarding an adequate health environment for people and maintaining the general activities of the company. Thanks to this, the relationships and impacts of our business group with the different interest groups (customers, suppliers, staff and social environment) have continued to be positive, responding to their expectations and needs.

Like the rest of the chemical sector, we have experienced a recovery in demand on an international scale, albeit combined with higher prices for raw materials and a rise in the price of energy and logistics costs. The investment plans planned for the year were met slightly less than expected, despite which a major general maintenance shutdown was completed at the Castellon production plant between September and October. In the commercial sphere, it was possible to resume visits to customers and participation in technical fairs during the second half of the fiscal year. For its part, the strategic plan for digital transformation has been gaining momentum, reinforcing cybersecurity,

(1) Law 11/2018, of December 28 <https://www.boe.es/boe/dias/2018/12/29/pdfs/BOE-A-2018-17989.pdf>

(2) Fiscal Year 2021. The reason for taking this reference is because UCE is part of the UBE Corporation group, which works based on said fiscal periods.

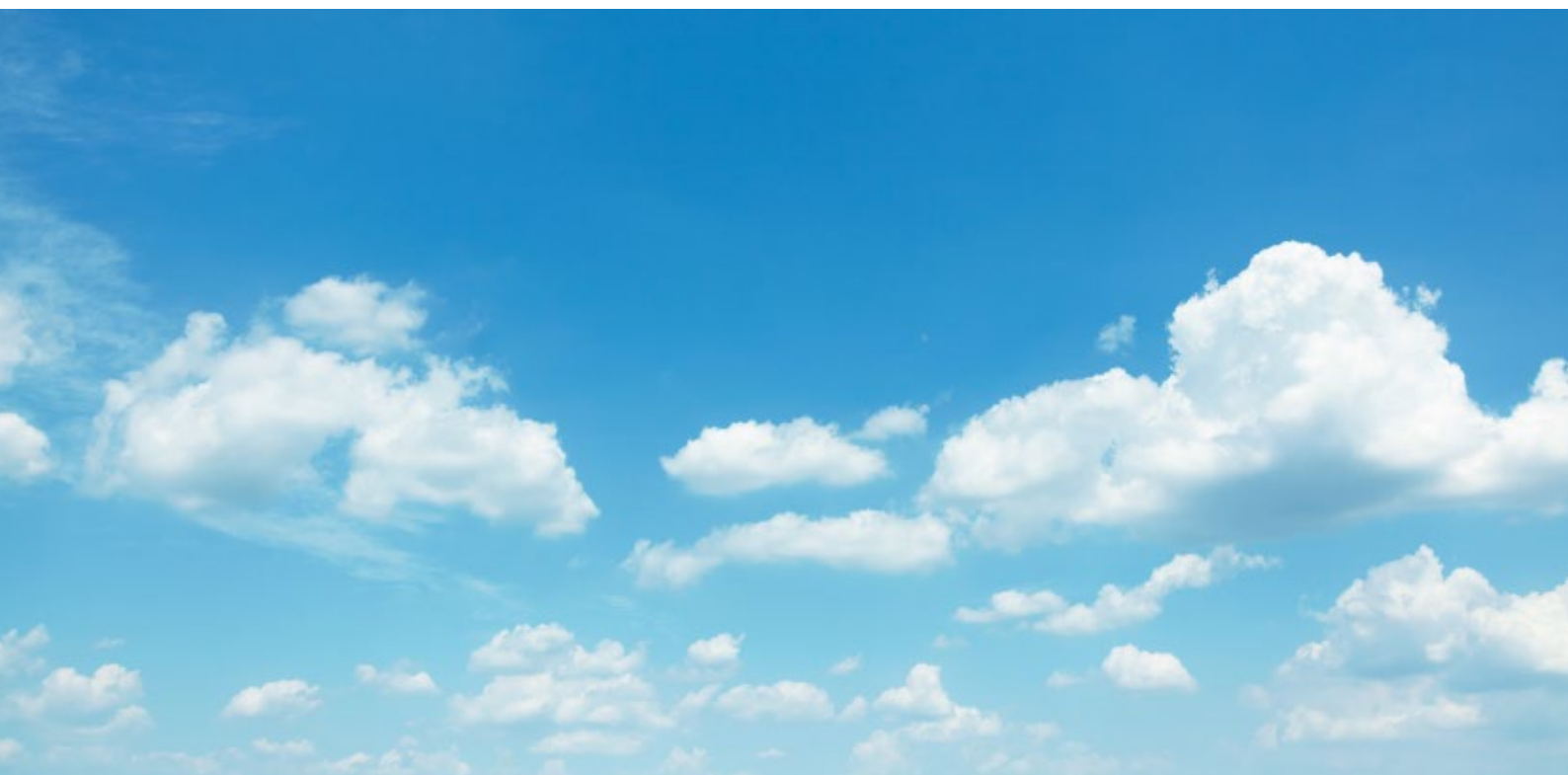
the general infrastructure and launching the migration project to SAP HANA.

In November, UBE Corporation Europe completed the process of acquiring 100% of the capital of Repol S.L. turning this company into a sole proprietorship and continuing its integration process. To this end, and with the valuable cooperation of work teams from various departments and functional areas of the UCE Group, Repol has been adapting various policies and work processes throughout the year in fields such as purchases and contracts, change management, product stewardship, integration and digital transformation or financial management and R&D programs.

Finally, one of the most relevant milestones of this period was the publication in December 2021 of the UCE Carbon Neutrality Policy, affirming our commitment to long-term sustainability to achieve this goal in 2050, in line with our parent company. UBE's technologies and products add value and utility to many industrial processes and can make a great contribution to society as a whole achieving carbon neutrality, an objective that drives us to continue advancing in each of our efficiency, improvement and innovation projects, with a strategic mindset. This is our firm commitment to society, as reflected in our Management Policy, based on an innovative spirit and the use of technology to ensure a high level of product quality and continue contributing to sustainable growth.



Bruno De Bièvre
President



2. INTRODUCTION

2.1. Business environment

[102.1 / 102.3 / 102.4 / 102.5 / 102.7 / 102.8 / 102.45 / 201.1/ 201.4]

UBE Corporation Europe S.A. Unipersonal (UCE) is a group of companies dedicated to the production and distribution of value-added chemicals and to the creation of technological and sustainable solutions to meet the demands of industry and market trends. It has a presence in Europe and Latin America through delegations and offices in Castellon and Almazora (Spain), Düsseldorf (Germany), Sao Paulo (Brazil) and Mexico City (Mexico). UBE Corporation Europe is integrated into the Japanese group UBE Corporation³. The main headquarters are located in the municipality of Castellon de la Plana (Spain), in El Serrallo industrial estate, 4 km from the city center, 2 from Grao and 5 from the center of Almassora.

The consolidated group comprises UBE Corporation Europe S.A. Unipersonal as the parent company, and the following subsidiaries:

- UBE Europe GmbH (Alemania)
- UBE México S.R.L. de C.V. (México)
- UBE Latin America Serviços Ltda (Brasil)
- Repol, S.L.U. (Almassora, Spain)

This report includes indicators for all of them in the main aspects of direct relevance. However, the three subsidiaries located outside of Spain function as commercial delegations without industrial activity, so their environmental impact is not considered to have a significant effect on the overall report.

Main figures by country.

INCOME,
ECONOMIC VALUE GENERATED;
DISTRIBUTED & RETAINED

SPAIN

GERMANY

BRAZIL

MEXICO

(thousand €)

FY2020

FY2021

FY2020

FY2021

FY2020

FY2021

FY2020

FY2021

Consolidated Income	380,645	543,767	-	-	-	-	-	-
Revenue (Turnover)	325,547	471,231	58,381	78,240	817	963	812	586
Economic Value Generated	325,547	471,231	58,381	78,240	817	963	812	586
Economic Value Distributed	310,819	437,559	57,451	76,800	751	864	812	574
Economic Value Retained	14,728	33,672	930	1,440	66	99	-	12

UCE occupies an area of 300,000 m² and has a 40,000 m² plot in the Port of Castellon for unloading and storing raw materials under an administrative concession.

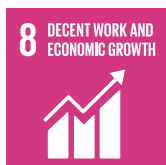
Aerial view of the El Serrallo industrial estate and UBE Corporation Europe



(³) From April 1st, 2022, UBE Corporation is the new business name of UBE Industries. Ltd.
<https://www.ube.co.jp/ube/en/corporate/management/president.html>

History

The company was incorporated in 1967 as Productos Químicos Esso S.A., with capital from the American company Esso Chemical and Banesto, when industrial development policies in Spain led to the construction of a caprolactam-producing company in the Castellon petrochemical complex. After belonging to various industrial groups, it was acquired in 1994 by the Japanese group UBE Corporation, founded in 1897 in the city of Ube and with headquarters in Tokyo.



UBE Corporation manufactures a wide variety of products including cement and building materials, industrial machinery, chemicals and pharmaceuticals. It is listed on the Tokyo and Fukuoka stock exchanges, with registration code 4208. From an organizational point of view, UCE belongs to the chemical branch of UBE Corporation.

The business environment of the El Serrallo industrial area

The Association of Industries of El Serrallo, INDES, to which UCE belongs, integrates eight companies from the industrial areas of El Serrallo and the Castellon Harbour (Port Castello) with production activities and services considered for the most part essential or strategic for society, such as waste management, generation of electricity, manufacture of fuels, liquefied gases, chemical products, fertilizers etc. Together these companies generate more than 2,500 direct and indirect jobs, with a high level of qualification, having a favorable socio-economic impact in the province of Castellon.



The study carried out in 2019 by the Institut Cerdà on these companies identified their relevant socio-economic contribution, as a pole for generating jobs and revitalizing economic activity throughout the province and highlighting the high strategic interest of the complex in the economic sphere, and the convenience of greater information and transparency on the part of companies and public administrations, regarding their activities and other aspects of environmental pollution, safety or mobility in the vicinity of the area. In order to study ways to improve the environmental impact of the El Serrallo industrial estate in the community, INDES regularly maintains contact with the Regional Ministry of Agriculture, Rural Development, Climate Emergency and Ecological Transition, and the municipalities of Almassora and Castellon.

The activity of UBE Corporation Europe has a special impact, to a greater or lesser degree, on the following materiality aspects detected and related to the socio-economic and environmental impact on the nearby community:

- Growth and economic result
- Good corporate governance and regulatory compliance
- Productive investment in innovation
- Growth in markets and clients
- Promotion of local socio-economic development
- Alliances with society and public administrations
- Relations with the community (sports and civic and solidarity organizations)
- Evaluation of impacts on Human Rights
- Information transparency
- Identification of opportunities to avoid or minimize damage associated with climate change

In order to respond to and manage the aforementioned aspects, the company develops an institutional communication policy with external stakeholders, based on the Management Policy, the principles of the *Responsible Company code* established by Responsible Care, the values of the Code of Ethics and Conduct, and the UBE Action Guidelines.

Integrated Environmental Authorization

UCE has an Integrated Environmental Authorization (AAI) in force that is binding on the environmental conditions and is the legal instrument granted by public administrations to ensure compliance with the integrated pollution prevention and control regulations for the exploitation of the activities and facilities. This responds to the Integrated Pollution Prevention and Control Law in its consolidated text of Royal Legislative Decree 1/2016. The authorization includes all environmental aspects, and those other related, that the competent environmental authorities consider, in accordance with the legislation, establishing the limit values for the emission of pollutants; equivalent technical parameters and measures; prescriptions for soil and groundwater protection; waste management procedures and methods; systems and procedures for the treatment and control of emissions and waste; measures for operating conditions other than normal; conditions for evaluating compliance with the emission limit values and other aspects related to the activity.

Based on the active management of the AAI, UBE Corporation Europe applies other strategies and policies in the fields of innovation, investment, market development, human asset management, contribution to the fight against climate change, etc. whose broad lines and results constitute the axes of communication with society. The general management of the company and the area of Corporate Social Responsibility perform the function of communication with the local community, based on criteria of transparency, proactivity and responsibility.

2.2. Organization and structure of the company

[102.18/ 102.19 / 102.20/ 102.22/ 102.23/ 102.24/ 102.26/ 102.27/ 102.28 / 405.1]

UBE Corporation is the sole shareholder of UBE Corporation Europe and also acts as sole administrator, through the president of UCE, who is the natural person representative of the parent company. In the UCE subsidiaries, the governance model is adapted to the local jurisdictions and corporate forms of each company, with the subsidiaries in Germany, Brazil and Mexico following a model of individual administrator, while Repol is since November 2021 a sole proprietorship limited company, exercising UBE Corporation Europe S.A.U. as sole administrator and whose representation through a natural person falls on Bruno De Bièvre. Each company grants powers of representation, the scope of the powers granted corresponding to the list of authorizations in force in each company, in line with the established internal control system.

On a second level, below the individual representative of UBE Corporation, are the presidencies of the subsidiaries, and in the third hierarchical level, there are those responsible for the following units: Human Resources, Health, Safety, Environment, Quality and Product Liability; Corporate Governance; Digital Transformation; Finance, Legal and Planning; which depend directly on the presidency. At the same level are the following functional areas and their respective managers:

- Strategy and Business Development
- Performance Chemicals business unit
- Performance Polymers business unit
- Supply Chain and Chemical and Fertilizer Business Unit
- Plant Operations
- Technical Area and Projects
- R&D area

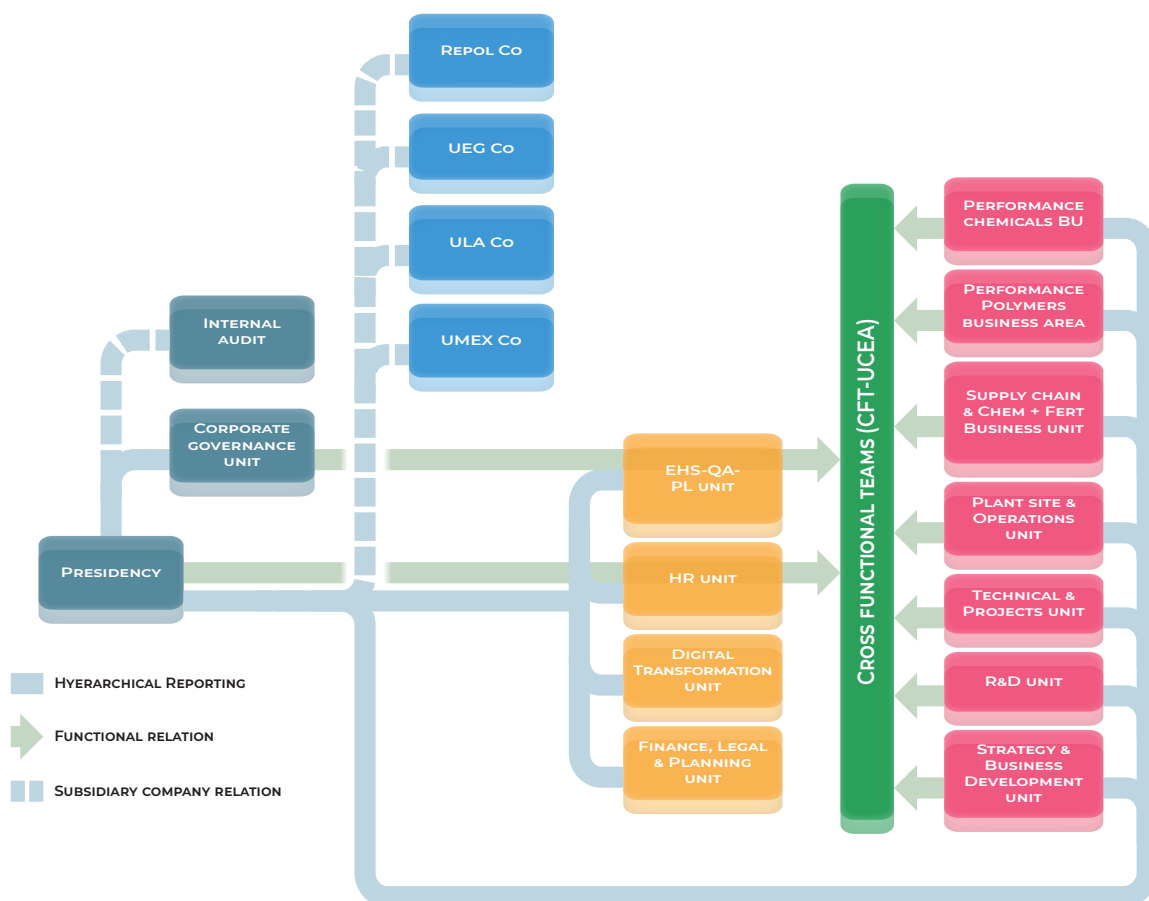


Figure 1. Organizational structure of UBE Corporation Europe.

UCE has a series of committees that act in the following areas:

- Executive Committee (executive representation of the company, control of the units and internal coordination)
- Strategic management (definition and monitoring of strategic plans)
- Crisis communication
- Ethics and Responsibility Corporate
- Human Resources (organization, administration and personnel management)
- Occupational health and Safety
- Central Safety Committee (Strategic Safety Plan supervision)
- Operations Safety
- Safety Improvements
- Operational Discipline
- Information Technology (systems management and information security)

- Information Security
- Innovation (initiatives and priorities in R&D and intellectual property)
- Management committee (monitoring and improvement of the integrated management system)
- Finance (financial management, coordination of the pension fund control commission, FONDOUBE Pensiones)
- Treasury
- Bidding committee

Governing body

The UCE training plan also applies to the top executive and the management team of the headquarters and the subsidiaries. The executive committee members receive specific training that covers different aspects related to responsibility and compliance in the exercise of corporate activities. This training is given to personnel who are promoting or assuming managerial functions for the first time at UCE.

The sole administrator of the company countersigns the company's annual accounts and the management report, which includes the main risks, participating in the definition of those risks and their associated action plans. He is involved in defining the principles and contents of the sustainability report as the final responsible for the application of the principles of UBE Corporation and the UCE Management Policy. The conclusions of the impact reports, materiality surveys and other information related to sustainability are promptly communicated to the executive committee. In application of the UCE Management Policy, the materiality analysis contributes in a relevant way to the risk management procedure.

The specific objectives established for UCE are defined in the annual budget and the results of the activity are monitored every month. A summary report of the relevant events of the period is prepared on a quarterly basis and the economic-financial budget is reviewed every six months. The evaluation of the complete fiscal year is carried out in the first quarter of the following year.

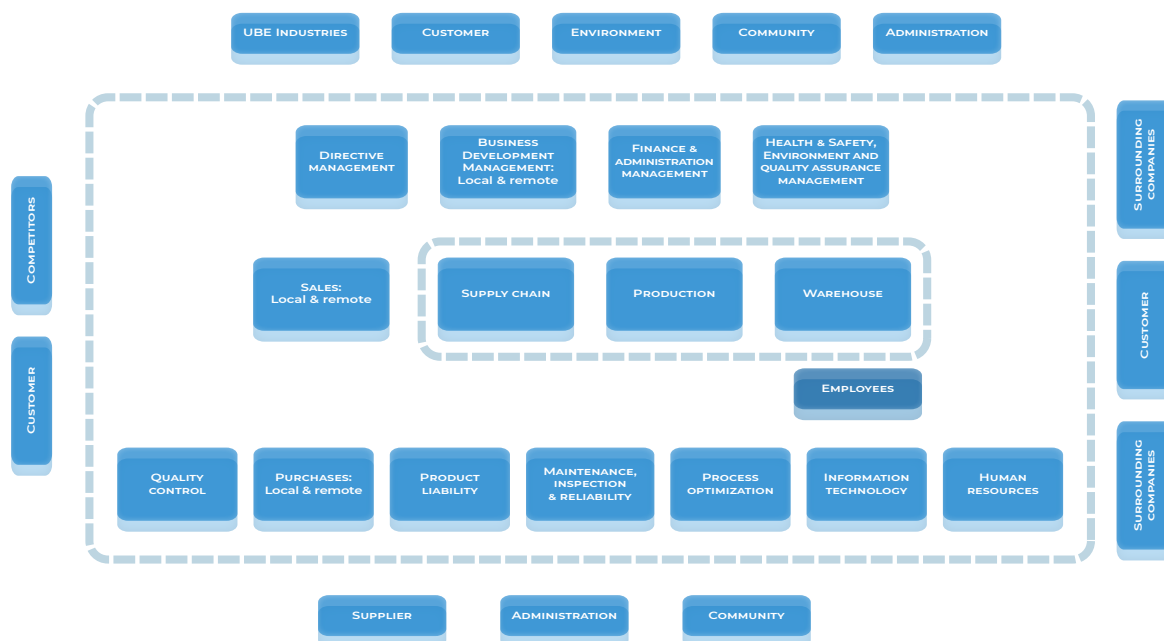


Figure 2. UBE Corporation Europe process map.

2.3. Business model, markets and products

[102.2 / 102.6 / 102.9 / 102.10]

The central services of **UBE Corporation Europe** in Castellon (Spain) direct and coordinate the corporate strategy and the activities of the subsidiaries, with an emphasis on the homogenization and efficiency of the entire group. It has production lines for caprolactam, fertilizers, fine chemical products (1,6-hexanediol, 1,5-pentanediol, polycarbonate diols), polyamide (or nylon), copolyamides and their compounds. **Repol, S.L.U.** (Almassora, Spain), produces and markets engineering plastics and operates in Spain and several international markets. The other three subsidiaries are in charge of marketing and promoting the group's product portfolio in its various geographic areas of influence: the Atlantic Area (Europe, Africa, Latin America and North America) and the Middle East (**UBE Europe GmbH - UEG**); Latin American market (**UBE Latin America Serviços Ltda. - ULA**); and Central America, North America and the Caribbean (**UBE México S. de R.L. de C.V. - UMEX**).

Initially, the business model was based on the sale of caprolactam for its transformation into nylon for textile use, and on the commercialization of ammonium sulfate, a fertilizer widely used for all types of crops and obtained as a co-product of caprolactam. In 1999, the production of hexanediol, the first element of fine chemistry, was started, as a result of the use of residual process flows, through the application of technology from UBE Corporation. Since 2004, UCE began to manufacture its own nylon for engineering uses, increasing the added value of the production. In successive years, several capacity expansion, innovation and diversification projects have allowed the product portfolio to be developed, offering technological solutions for new applications and utilities of polyamides, fine chemicals, and their compounds, reaching new customers and markets.

Products



Caprolactam.

It is marketed in bulk for applications in the clothing and home textile sectors, fishing nets and thread, footwear, etc.

Polyamide for food protection in the food industry.

Many companies struggle to design a functional and appealing food packaging. UBE NYLON polyamide resins help packaged food to stay fresh longer and prevent it from early spoilage by providing mechanical resistance, gas barrier and transparency to the packaging. These high-performance packages, based on multilayer polyamide film, extend shelf-life, reduce material waste and ensure safe transport and storage. It is a sustainable solution for the packaging of perishable products, such as meats and cheeses, and that provides multiple advantages, such as ease of storage, safe handling, longer shelf-life, protection of aromas and flavor, greater export capacity, lower weight, energy savings or reduction of production costs and CO₂ emissions.



Polyamide for the automotive sector: lighter and high-performance solutions.

UBE's range of polyamides, copolyamides and compounds, including the UBESTA® brand polyamide-12,



is applied to the manufacture of components and fuel, cooling or braking lines, maintaining high performance, such as optimum resistance to temperature, high permeability and abrasion resistance, adhesion strength etc. The use of this material provides high safety and durability, also contributing to lighten the weight of the vehicle and reduce CO₂ emissions.

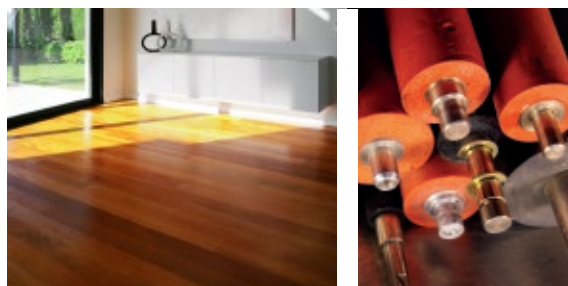
Engineering plastic compounds.

Based on various types of polymers (polyamide, polypropylene, polycarbonate...) **Repol** develops and markets these compounds for technical applications of injection and extrusion in the industries of household appliances, automotive, machinery and electrical and electronic materials, etc. The main trademarks are Dinalon®, Dinablend®, Dinarex®, Dinaplan®, Dinaxan®, Dinatron®, Dinadur® and Dinaform®. For years the company has been buying materials from post-industrial recovery, thus promoting the circular economy.

Fine chemicals: range of materials applied in the sectors of habitat, mobility, construction and infrastructure, energy, pharmaceutical products, etc.

Eternacoll® (polycarbonate diol), Eternathane® (urethane prepolymers), Ubedisp® (hyperdispersing additives), Heliofresh® (synthetic fragrance), 1.6 hexanediol, 1.5 pentanediol, glycerol carbonate, dimethyl carbonate, 1.12 dodecanedioic acid, high purity catechol, heliotropin... They are value-added products that allow to maximize the durability and technological properties of the applications manufactured by the sectors of coatings, adhesives and sealants, high performance elastomers, intermediate chemicals, ceramic tiles, pharmaceutical products, solvents, fragrances and aromas, electrical appliances etc.

The polycarbonate diol, hexanediol and pentanediol produced by UBE Corporation Europe are obtained by taking advantage of process streams, avoiding the generation of waste and obtaining value-added products for other industries, in a circular economy scheme.



Other materials and products of the UBE Corporation group marketed by UCE and its subsidiaries.

Polyimides (electronics industry); butadiene rubber (vehicle tires); gas separation membranes (hydrogen recovery, biogas purification...); industrial machinery equipment (injection, extrusion, presses, roller mills, dryers etc.)

Agricultural fertilizers for all types of crops.

Ammonium sulfate is a fertilizer that is obtained as a co-product during the caprolactam production process. Through a crystallization process UCE produces UBESOL 45®, fertilizer in granular format that can be applied by means of precision dosing machines and centrifuges, with greater precision and economy of resources, allowing a balanced supply of nutrients (sulfur, nitrogen, phosphorus, iron, manganese and other micro-nutrients) to crops.



Supply chain.

The raw materials are obtained in the domestic and international markets, the main ones being cyclohexane, cyclohexanone, ammonia, sulfur, oleum, caustic soda and AH salt. In 2021 there have been no significant changes in the supply chain.

2.4. Objectives and strategies

[102.16]

The principles, philosophy, objectives and main strategies of the group are framed and coordinated with those of the parent company UBE Corporation. The medium-term planning unit is called Mid Term Plan, in periods of three fiscal years, 2021 being the third and last of the 2019-2021 triennium, which is integrated into the plan named *Vision UBE 2025 - Prime Phase*.



Founding principles of UBE:

“Coexistence and mutual prosperity”
“From finite mining to infinite industry”



Corporate philosophy:

Pursue technology and embrace innovation to create value for the future and contribute to social progress.



The **Management Policy** of UBE Corporation Europe expresses its commitment to the values of responsibility, integrity, sustainability and diversity, together with that of the *Change & Challenge*⁴ initiative, to be part of the solution, in the face of the crisis that involves the global waste of food. Its **Code of Ethics and Conduct** also incorporates for the group and all its staff the value of equity in their behavior.

"We continue to create value for all stakeholders" is UBE's vision for 2025, within the framework of its current Mid Term Plan. The fundamental aspects of this plan are the following:

- Strengthening the platform for business growth
- Strengthening the management platform (corporate governance)
- Address and be part of the solution to resource, energy, and global environmental issues

UBE's main strategies for the chemical business are:

- Stabilize revenue and boost growth
- Increase commercial penetration in the Americas, in nylon compounds and fine chemicals
- Expand production of high-performance coatings and polybutadiene rubber
- Ensure the generation of financial cash flow, ensuring the profitability of each investment project
- Diversify work styles to develop human resources and competitiveness
- Incorporate information and communication technologies to create value and efficiency
- Strengthen the quality management systems in the group, develop compliance and business ethics
- Research and develop technologies and products that reduce or take advantage of greenhouse gases

(⁴) <https://change-challenge.org/>



- Expand products that contribute to respect for the environment: materials for batteries, materials that reduce weight and save fuel in the field of mobility
- Create new business models for a society based on recycling: solutions for plastic waste

At UBE Corporation Europe, this strategy is developed through the following activities:

- Development of nylon production and innovation in new applications of this material
- Research and development of know-how in new grades and applications of fine chemistry
- Energy integration and efficiency projects to reduce energy consumption and CO₂ emissions
- Study of new recycling systems and business models for plastic waste
- Sales coordination in the Atlantic area through its subsidiaries
- Improved quality assurance of technological products and services, strengthening the management system

2.5. Main factors and trends that may affect future developments

[102.11 / 102.30]

Integrated management system, precautionary approach and risk analysis.

The **Integrated Management System** makes it possible to monitor the degree of compliance with the objectives and strategies of the company and control the risks and impacts of the group's activity. It covers the requirements of ISO 9001, ISO 14001, ISO 45001 and IATF 16949 certified standards (limited to the production of nylon compounds in the case of this last certification), and also of food safety management tools (limited to the production of nylon in polymerization plants) and the Responsible Care and Ecovadis initiatives, which encompass the areas of quality, environment and health and safety at work. On September 2021 UCE obtained the Platinum Ecovadis qualification for its environmental, social and ethical performance⁵.

In application of the **precautionary approach**, the system includes a change management procedure for the systematic evaluation of any type of change, permanent or temporary, ensuring communication, control and reduction to an acceptable level, of the possible risks on the people, facilities, products or the environment. This procedure applies in particular to changes in the design of the production plant, deviations from limit values or documented safe procedures, changes outside of design specification or that may affect safety, environment, quality or specific product legislation, and even significant changes in organization or personnel.

The UCE group carries out an annual **risk assessment** according to a corporate standard, to establish a harmonized level of protection in relation to those risks that may affect the employed personnel, the community, the integrity of the environment, property, the generation of benefits, business continuity, as well as corporate image and reputation. The risk matrix developed is applied systematically to all types of operations and areas within the group: finance, health and safety, information systems, regulation, installation or design of processes, project execution, security, sales, etc. Depending on the level of risk identified, contingency plans are established that may include projects, strategic plans, task force groups, etc. These plans are periodically evaluated at least once a year.

(⁵) Ecovadis is one of the most prestigious independent providers of sustainability ratings and is used by the world's leading companies. <https://ecovadis.com/es/>

Regarding **process safety**, specific studies are carried out to identify hazards and evaluate and mitigate risks, using different techniques known as Process Hazard Analysis (PHA).

As a result of the evaluation process, a series of risks have been identified, which may also constitute **opportunities for improvement** in management:

- Supply of raw materials and services
- Safe management of sales in emerging countries
- Competition over the main product portfolio: new competitors, alternative products...
- Adequate management of staff talent
- Compliance with current and future legislation, voluntary agreements and internal regulations
- External opinion groups: NGOs, local authorities, the media, neighborhood associations...
- Downstream integration of products to maintain competitiveness
- Natural disasters: floods, storms...
- Safety and environmental risks derived from operations at the plant and port terminal
- Effects of globalization or climate change: pandemics, droughts, limitation of resources...

The company continuously monitors regulatory changes that may affect the marketing of its products, in order to integrate legislative changes, improving the process of updating records and identifying the risks associated with chemical products, thus increasing its contribution to the protection of the environment and the health of workers. UCE participates in various working groups to update its procedures, analytical systems and technical documentation, with the following objectives:

- Registration of polymers with the European Agency for Chemical Substances and Mixtures (ECHA)
- Consideration of the mixture factor in the evaluations (*Mixture Assessment Factor MAF*)
- Introduction of the GRA study factor and definition of the concept of "essential use" of substances to improve the protection of workers' health
- Digitalization of the information on the hazard label
- Fulfillment of new requirements for nanomaterials
- Introduction of new hazard classes in the studies (endocrine disruptors, persistent, bio accumulative and toxic substances...)

All these changes and improvements reinforce the Group's compliance with the European regulations REACH (Registration, Evaluation and Authorization of Chemical Substances) and CLP (Classification, Labeling and Packaging of Dangerous Substances and Mixtures). Likewise, the company has been preparing for some time to face the new fertilizer registration and control obligations that will have to be applied when EU Regulation 2019/1009 comes into force.

External initiatives

[102.12]

1. UCE is a certified⁶. member of **Responsible Care**, the voluntary program of Corporate Social Responsibility (CSR) in sustainability of the Spanish chemical sector, to which companies that represent together a production volume of 60% of the same belong. It is a global initiative of the chemical industry whose objective is to promote continuous improvements among companies in relation to

(⁶) <https://ube.es/wp-content/uploads/2021/03/Certificado-Responsible-Care-2021.pdf>

safety, health protection and the environment, as well as other parameters of social responsibility, carried out and measured with objectives of improvement, in accordance with the principles of Sustainable Development. It comprehensively covers aspects of CSR through six management codes and their respective progress indicators.

2. In December 2020 the company adhered to the Protocol of Intentions of the **Green Hydrogen Strategy in the Valencian Community (EH2CV)**, promoted by the Generalitat Valenciana. This initiative is aligned with the Recovery, Transformation and Resilience Plan (PRTR) of the Government of Spain, the Industrial Policy Spain 2030 and the National Integrated Energy and Climate Plan (PNIEC), and seeks to promote research and deployment of production and the use of green hydrogen in the Valencian Community. The objective is to facilitate the transition to a more decarbonized economy, reducing the emission of pollutants and greenhouse gases by making better use of renewable energies.

3. Since September 2019, UCE has adhered to the **Operation Clean Sweep**⁷, commitment, whose objective is to reduce the dispersion of pellets (primary microplastics) in the environment, by optimizing or modifying the operations in which plastic pellets are handled, and the application of good cleaning and control practices. During 2021, improvements have been made at several pellet handling and storage points, and checks and cleaning routines have been implemented, in addition to carrying out an internal awareness campaign on the issue. Participation in this program is a commitment of the Plastics Europe^{8 9} association, to which UCE belongs.



(7) <https://www.opcleansweep.org/>

(8) <https://www.plasticseurope.org/es>

(9) <https://anaip.es/ocs/empresas-adheridas/>

Associations membership

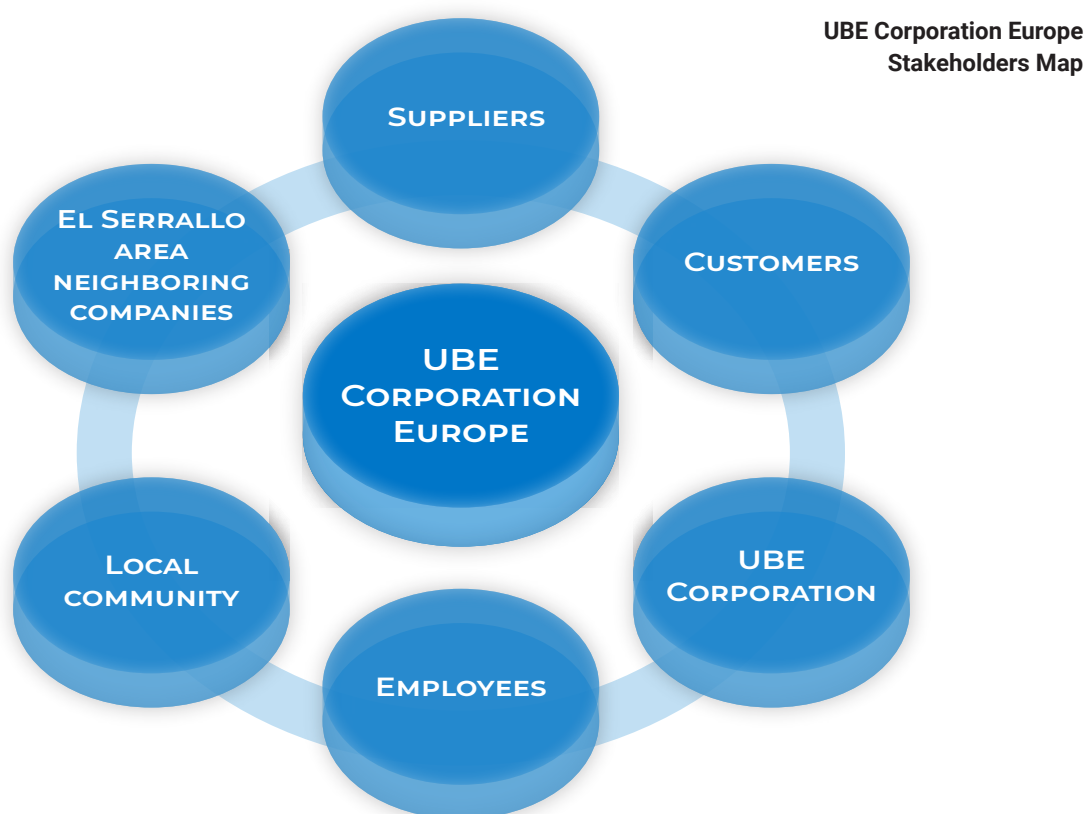
[102.13]

- 1. Chamber of Commerce of Castellon**
- 2. Feique** (Spanish Chemical Industry Business Federation)
- 3. Quimacova** (Chemical and Environmental Association of the Chemical Sector of the Valencian Community)
- 4. Indes** (Association of Industries of El Serrallo de Castellon)
- 5. CEV** (Business Confederation of the Valencian Community)
- 6. CEJE** (Japan-Spain Business Circle)
- 7. Jaume I University Business Foundation**
- 8. Castellon CSR Committee**
- 9. APD** (Association for the Advancement of Management)
- 10. Energy Cluster of the Valencian Community**
- 11. Port Castello Foundation**
- 12. Plastics Europe Spain**
- 13. Anaip** (Spanish Association of the Plastic Industry)
- 14. Acogen** (Spanish Association of Cogeneration)
- 15. Bequinor** (National Association for the Standardization of Capital Goods and Industrial Safety)
- 16. AEM** (Spanish Maintenance Association)
- 17. Aimplas** (Technological Institute of Plastics)
- 18. Ainia** (Technological Institute of Agrofood Sector)
- 19. Anffe** (National Association of Fertilizer Manufacturers)
- 20. Ifa** (International Fertilizers Association)
- 21. Joiff** (International Organisation for Industrial Emergency Services Management)
- 22. Suiyokai** (Japanese Companies Association)
- 23. Epca** (European Petrochemical Association)
- 24. IPSG** (The International Process Safety Group)

3. MATERIALITY MATRIX

[103.1 / 102.21 / 102.29 / 102.31 / 102.40 / 102.42 / 102.43 / 102.44 / 102.46 / 102.47]

UCE reflects in this report the relevant or important aspects for all stakeholders, following the definition of the materiality principle set out by GRI. Between November 2019 and January 2020, with the collaboration of the research group on Practical Ethics and Democracy (EPyD) of the Jaume I University of Castellon, a materiality study was carried out through dialogue with each of these groups, so that the company can respond to the interests and expectations of each one of them.



- The economic, social and environmental impacts were defined based on the comparative study of the sector; the image generated and perceived by UCE during the years 2018 and 2019 and the management documentation and guidelines generated by UCE internally and externally. After this study, the defined impacts were analyzed internally by the Executive Committee and reviewed by the presidency, identifying 22 main impacts.

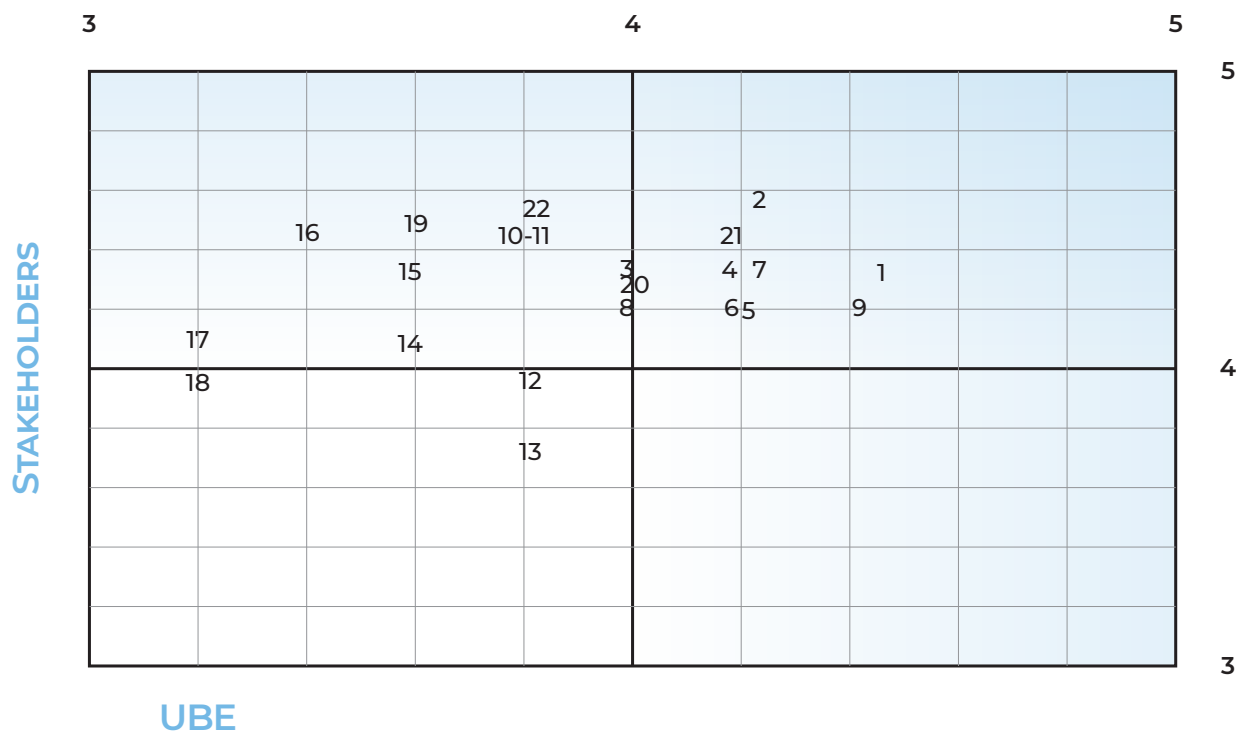
- Based on 5 categories (socio-economic, socio-corporate, socio-labor, socio-community and socio-environmental) the materiality survey was prepared, in which the expectations and values of the stakeholders were also reviewed.

- A questionnaire was sent to 737 people from all stakeholders by email. The basis for identifying and selecting the participating interest groups was the definition drawn up by UCE: clients, staff, managers, suppliers, community / society, companies in the “El Serrallo” industrial estate and UBE Corporation. The response rate obtained was **21.30%**, with the following percentage by interest groups:

CUSTOMERS	EMPLOYEES	MANAGERS	SUPPLIERS	COMMUNITY/ SOCIETY	OTHER COMPANIES IN THE “EL SERRALLO” INDUSTRIAL ESTATE	UBE CORPORATION
30%	17,8%	25%	54%	16,7%	0%	50%

Materiality

In order to prepare this matrix, the response data of customers, staff, managers, suppliers and the community have been grouped into a single average to present "the importance for the interest groups" on the ordinate or "Y" axis. The UBE Corporation Europe response data, which represents the "importance for UCE" can be seen on the abscissa or "X" axis. The aggregated data map and the general materiality matrix are shown below.



RELEVANCE	POSITION IN THE MATRIX	IMPACT
	2	Good corporate governance and regulatory compliance
	1	Growth and economic result
	21	Waste management (reduction, reuse and recycling of raw materials)
	7	Diversity, equal treatment and opportunities, reconciliation of work and family life
	3	Productive investment in innovation
	4	Continuous improvement and management system
	9	Working conditions and social benefits
	5	Growth in markets and customers
	6	Promotion of local socio-economic development
	10	Occupational health and safety
	20	Life cycle management / circular economy
	11	Risk and accident management
	22	Identification of opportunities to avoid or minimize damage associated with climate change
	8	Professional development and performance management
	19	Air pollution (emissions management)
	15	Information transparency
	16	Responsible and efficient use of water
	14	Impact assessment on Human Rights
	12	Alliances with society and public administrations
	13	Relations with the community (sports and civic and solidarity organizations)
	17	Noise pollution
	18	Light pollution

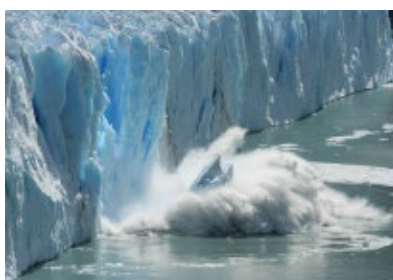
After analyzing the results obtained and the materiality matrix, the following conclusions can be assumed:

- Each and every one of the 22 impacts assessed was material or relevant, with a score of three (3) or more points.
- There are no strategic impacts for UCE, that is, impacts that are only relevant for UCE and with little material impact for the rest of the stakeholders. This is because all the evaluated impacts are valued as relevant.
- There are also no impacts that are strategic for stakeholders, that is, impacts that are only relevant to stakeholders and not very important for UCE. This is because all the evaluated impacts are valued as relevant.

This report is structured by stakeholder groups, therefore, in each chapter, information on the material issues reflected in this matrix, as well as other indicators and relevant aspects for each group, are provided.

4. ENVIRONMENT

[103.1 / 103.2 / 103.3 / 201.2 / 307.1]



UCE's policy is based on the development of its activity linked to the protection and care of the environment, with an approach based on sustainability.

Caring for the environment and the fight against climate change are actively addressed, in order to reduce Greenhouse Gas (GHG) emissions and promote the sustainable use of resources.

UCE has embodied in its Code of Ethics and Conduct and in the company's Management Policy this commitment, that is materialized in an environmental management system, certified according to the ISO 14001 standard.

Both the activity of UBE and Repol are certified under this standard.

Since 1999, UCE has been a member of the **Responsible Care** program which aims to continuously improve safety, health and environmental protection in all its operations and is carried out in accordance with the principles of Sustainable Development.



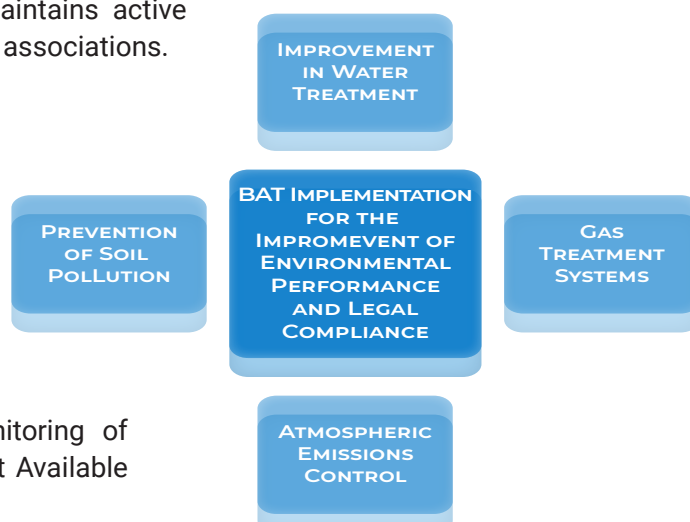
In September 2021, UBE Corporation Europe received the **EcoVadis CSR Platinum certificate** for its CSR (Corporate Social Responsibility) assessment. This scheme covers 21 criteria grouped into 4 areas (environment, labor practices and human rights, ethics and sustainable purchasing) based on international CSR standards such as the UN Global Compact, the principles of the International Labor Organization (ILO), the GRI (Global Reporting Initiative) standards, the ISO 26000 standard and the CERES principles.



The environment department carries out the identification of legal requirements, analyzing the applicable environmental legislation and ensuring its compliance. It maintains active contact with the administration and sector associations.

"Environmental investments reached 0.7 million euro in FY2021."

The company's environmental management is focused on the prevention, avoidance and / or minimization of environmental aspects, through the improvement of its processes, the monitoring of indicators and the implementation of Best Available Techniques (BAT).



Through the Executive and Management committees, the management monitors the indicators, the degree of fulfillment of the objectives set and action plans are defined to achieve the established goals.

The data indicated in the different environmental sections include UCE and Repol in aggregate, unless clearly stated otherwise.

4.1. Climate change

[201.2 / 305.1 / 305.2 / 305.3 / 305.4 / 305.5]

UCE contributes to the fight against climate change and joins international initiatives in this area. The future of the company needs to envision the **European Green Pact**¹⁰ and the **Paris Agreement**¹¹. The

Decarbonisation group works by applying tools for managing energy efficiency and projects to reduce greenhouse gas emissions (GHG), with the aim of achieving decarbonisation, in line with the objectives of the European Union.



In December 2021, UCE publicly announced its **Carbon Neutrality Policy**¹², committing to achieve carbon neutrality before 2050. This implies reaching the goal of zero net emissions of greenhouse gases (GHG) in all the production processes that are developed in the Castellon plant. Likewise, the company aspires to become a supplier of solutions, products and technologies for a society that is increasingly decarbonised. In a first milestone, UCE's commitment is to achieve a 40% reduction in the global energy intensity of its processes and a 55% reduction in the intensity of its GHG gas emissions (expressed as CO₂ equivalent) by 2030, in both cases with respect to the verified values of the year 2010.

The main lines of action to achieve these objectives will be based on:

- minimization of the energy intensity of the processes
- maximization of the generation and purchase of CO₂-free energy
- minimization of the intensity of consumption of non-renewable or extinct resources, especially those of fossil origin, and also of natural resources such as water
- analysis and development of CO₂ capture and reuse measures to offset residual GHG emissions that it is not technically feasible to eliminate.
- the reduction of GHG emissions in our customers' supply chain by reincorporating into the production cycle products that have reached the end of their life cycle, with special emphasis on the reuse of plastic waste.
- supplying the market with a growing number of products and solutions that contribute to the reduction of GHG emissions or waste by end users.

As of this report, the indicators in this section and those in **4.4.1, Energy consumption**, are calculated by fiscal year.

⁽¹⁰⁾ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

⁽¹¹⁾ https://ec.europa.eu/clima/eu-action/international-action-climate-change/climate-negotiations/paris-agreement_eneu

⁽¹²⁾ <https://ube.es/ube-corporation-europe-s-a-u-announces-its-policy-for-carbon-neutrality/>

Regarding GHG emissions, the following table shows FY2021 results and their comparison with 2010 as the base year (Indicator 305.1)¹³.

GHG EMISSIONS	2010	FY2021	Change (%)
SCOPE 1	Tons CO ₂ equivalent		
Fixed combustion	181,370	145,459	-19.80
Mobile combustion	15	23	51.08
Refrigerant leaks	-	236	-
Process emissions. Caprolactam	250,121	210,304	-15.92
Total Scope 1	431,506	356,023	-17.49
SCOPE 2			
Electricity with market approach	43,980	23	-99.95
Electricity with location approach	33,340	28,267	-15.22
Steam	3,882	1,665	-57.11
Total Scope 2 *	47,862	1,688	-96.47
TOTAL SCOPE 1 + 2 * (*) Considering emissions from electricity with a market approach	479,368	357,711	-25.38

In the data expressed in the table above, the following greenhouse gases have been considered: CO₂, CH₄, N₂O and HFCs. There are no CO₂ emissions of biogenic origin.

The values are compared with those of 2010, which has been considered as the base year, due to the fact that it is a representative year in terms of the composition of the product portfolio and given the significant improvements in energy efficiency carried out from thereof, with the consequent reduction in greenhouse gas emissions, GHG.

In relation to indicator 305.5, regarding the reduction of GHG emissions during FY 2021 by type of gas, the distribution is as follows.

GHG EMISSIONS EVOLUTION BY TYPE OF GAS	2010	FY2021	CHANGE (%)
CO ₂ (tons)	228,837	146,893	-35.81%
CH ₄ (tons CO ₂ equivalent)	288	270	-6.20%
N ₂ O (tons CO ₂ equivalent)	250,243	210,312	-15.96%
HFC (tons CO ₂ equivalent)	-	236	-
tons CO₂ equivalent, Scope 1 + 2 (Calculation considering the CO ₂ emissions from the purchase of electricity, following a market approach.)	479,368	357,711	-25.38%

(¹³) The calculations have been made following the GHG Protocol- <https://ghgprotocol.org/> - and ISO 14064 standards, with an operational control approach. The emission factors have been obtained from the values published by the Ministry for the Ecological Transition and the Demographic Challenge (MITECO) and accredited laboratory analyzes in the case of own fuels; Red Eléctrica de España, for energy localization approach emissions; and contract and guarantees of origin, for the energy emission factor with a market approach. The distribution of gases has been made based on the values given by the International Energy Agency (IEA) 2019 Spain and Regulation 2019/331 for the calculation of emissions of external steam acquired.

As a result of the implementation of energy efficiency projects and operational improvements, **in FY2021 a reduction of 25.38% of tons of CO₂ equivalent has been achieved**, in scope 1 and 2 of GHG emissions, compared to 2010. (Considering emissions from electricity with a market approach). It is noteworthy, in the field of scope 2 emissions, that the electrical energy purchased at both UCE and Repol is of 100% renewable origin.

UCE is committed to calculating its Scope 3 emissions during fiscal year 2022 (indicator 305.3).

Regarding the ratio of greenhouse gas emissions per unit of product for sale (converting CO₂, CH₄, N₂O and HFCs to CO₂ equivalent), in relation to the base year 2010, the following evolution has been obtained (indicator 305.4):

EVOLUTION OF GHG EMISSION INTENSITY RATIO	2010	FY2021	CHANGE (%)
Production for sale (tons)	500,514	587,660	17.41
Tons of CO₂ equivalent, Scope 1+2* / tons of production for sale (Calculation considering the CO ₂ emissions from the purchase of electricity, following a market approach.)	0.958	0.609	-36.46

The indirect emissions of greenhouse gases generated by UCE and Repol in their purchase of external energy (indicator 305.2), represent the following value in tons of CO₂ equivalent¹⁴:

GHG EMISSIONS FROM ENERGY PURCHASE (TONS OF CO ₂ EQUIVALENT)	2010	FY2021	CHANGE (%)
a. Purchase of electricity with location approach	37,222	29,290	-21.31
Electricity	33,340	27,625	-17.14
Steam	3,882	1,665	-57.11
b. Purchase of electricity with market approach	47,862	1,688	-96.47
Electricity	43,980	23	-99.95
Steam	3,882	1,665	-57.11

From the point of view of the market approach, a significant reduction of 96.47% of equivalent CO₂ emissions can be observed, due to the purchase of electricity from renewable sources in both UCE and Repol.

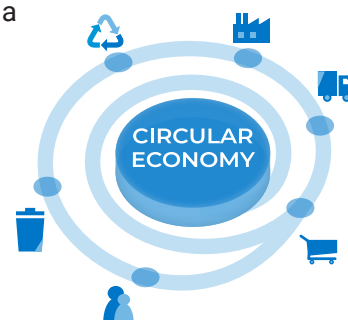
There is no information available on substances that deplete the ozone layer (indicator 305.6)

⁽¹⁴⁾ The calculations have been made following the GHG Protocol - <https://ghgprotocol.org/> - and ISO 14064 standards and include the following gases CO₂, CH₄ and N₂O. The emission factors have been obtained from the values published by Red Eléctrica de España for energy location approach emissions, and the contract and guarantees of origin, for the energy emission factor with a market approach. The distribution of gases has been made based on the values given by the International Energy Agency (IEA) 2019 Spain. In the case of emissions generated by steam, Regulation 2019/331 has been used.

4.2. Circular economy

[306.2 / 306.4]

The circular economy model is based on producing and consuming in a sustainable way in order to provide solutions to the scarcity of resources and give new life to waste.



Knowledge of the life cycle of manufactured products constitutes a basic pillar to promote the circular economy. Within the commitment to promote circularity, UCE carries out research and development projects throughout the plastic life cycle: origin of substances, minimization of environmental impacts during production, recycling and biodegradability. UCE's philosophy is aligned with the **European Circular Economy Strategy**¹⁵ and, specifically, the **European Plastics Strategy**¹⁶, which includes a series of measures and an action plan for the transition of the industry towards a circular economy for plastics.



During the past year, UCE obtained the recyclability certification¹⁷, through the **RecyClass** organization, for one of the multilayer food protection film structures developed in its laboratories. In addition, it has developed numerous studies to demonstrate the recyclability of nylon packaging, where food protection is key to combating food waste, as well as a range of recycled nylon products for use in value-added products.

UCE participates in the **Operation Clean Sweep (OCS)**¹⁸ initiative, whose objective is to reduce the involuntary release of pellets (primary microplastics) into the environment and is an active member of different organizations and groups such as Anaip, Feique, Ceflex, Plastics Europe, RecyClass, etc.



BIDEPACK.

Development of new multilayer packaging solutions based on biodegradable polymers.

UCE actively seeks solutions for the design and incorporation of new biodegradable plastics into the market, which can help alleviate one of today's most pressing environmental problems: the proliferation and inadequate management of plastic waste.

This research project has the collaboration of the University Jaume I of Castellon and the Ainia technology center and began to be developed at the UCE plant in Castellon in 2019, with completion scheduled for 2022. Its main objective is research and development of new multilayer solutions that are biodegradable and compostable, and that can be applied to food packaging, reaching protection parameters similar to those existing in current packaging.

⁽¹⁵⁾ <https://ec.europa.eu/environment/circular-economy/>

⁽¹⁶⁾ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52018DC0028&from=ES>

⁽¹⁷⁾ <https://recyclclass.eu/wp-content/uploads/2021/09/2020-PO-011-UBE-technology-approval-letter.pdf>

⁽¹⁸⁾ <https://anaip.es/ocs/empresas-adheridas/>

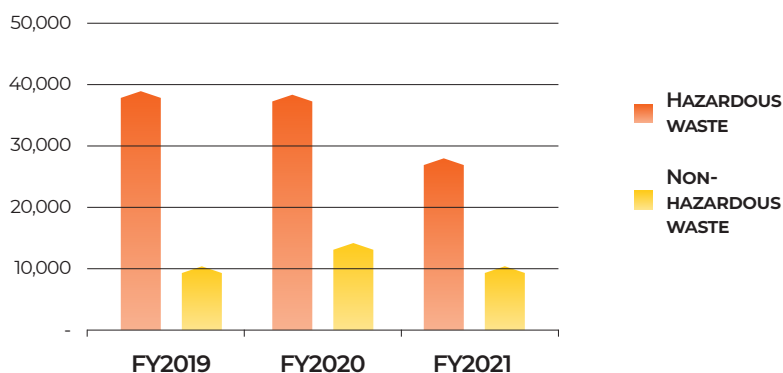
4.2.1. Waste

[306.1 / 306.3 / 306.4 / 306.5]

The waste generated is properly segregated, identified, monitored, stored and managed through authorized managers, as included in the environmental procedures. The table and graph below show the amounts for the FY2021 exercise and the percentage of waste according to its management method.

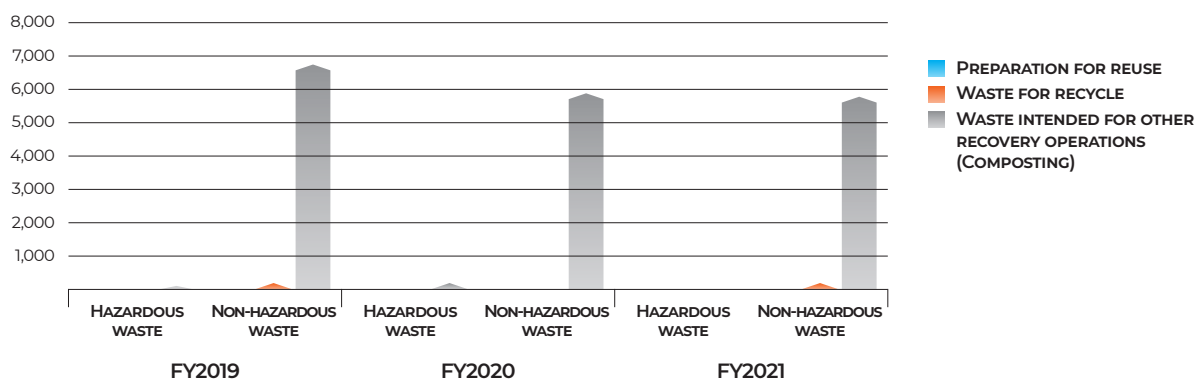
WASTE GENERATION (TONS)	FY2019		FY2020		FY2021	
	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste
Total generation	49,573		52,975		39,103	
Generation	38,814	10,759	38,304	14,671	28,222	10,881
Total waste not intended for disposal	7,129		6,229		6,002	
Waste not intended for disposal	117	7,012	274	5,955	35	5,966

Waste generation (tons)

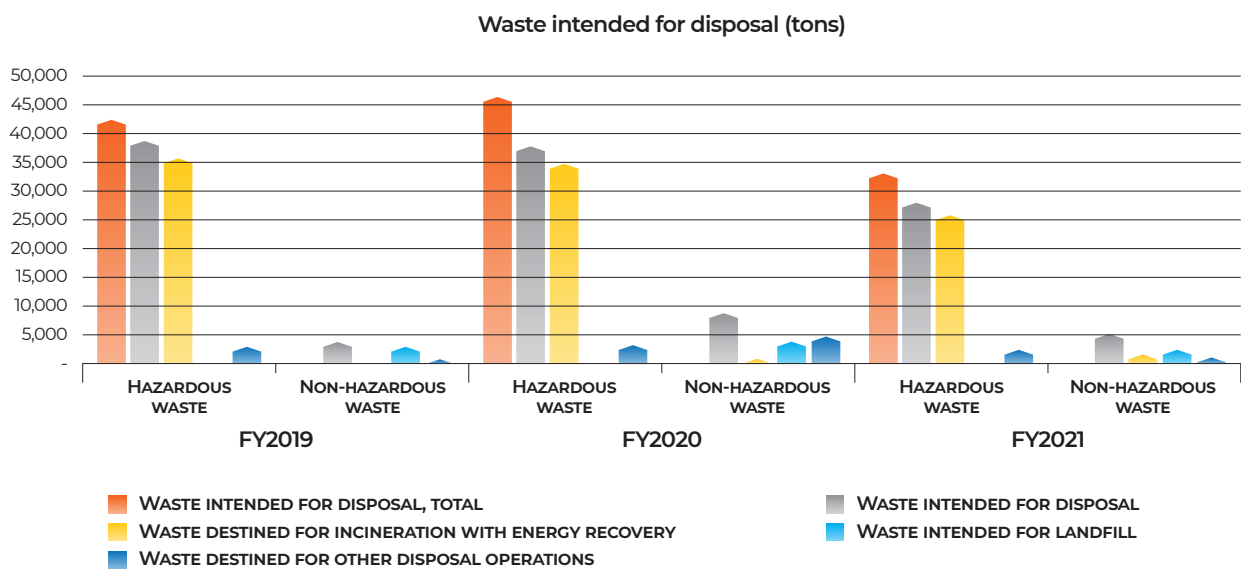


WASTE NOT INTENDED FOR DISPOSAL, BY RECOVERY OPERATION (METRIC TONS)	FY2019		FY2020		FY2021	
	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste
Preparation for reuse	-	-	-	-	-	-
Waste for recycle	0.064	272	0.366	55	0.07	228
Waste intended for other recovery operations (Composting)	117	6,740	274	5,900	35	5,738

Waste intended for recovery operations (tons)



WASTE INTENDED FOR DISPOSAL, PER DISPOSAL OPERATION (TONS)	FY2019		FY2020		FY2021	
	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste
Waste intended for disposal, total	42,444		46,746		33,102	
Waste intended for disposal	38,697	3,747	38,030	8,716	28,184	4,917
Waste destined for incineration with energy recovery	35,821	-	34,670	178	25,666	1,643
Waste destined for landfill	-	3,086	-	3,872	-	2,249
Waste destined for other disposal operations	2,876	660	3,360	4,666	2,519	1,025



4.2.2. Food waste



“ UCE's activity contributes positively to minimizing food waste. ”

The use of packaging produced from polyamides improves food quality and safety, allowing a longer shelf life and, therefore, less waste, both of food and of the resources used for its production. In this area, the **Change and Challenge**¹⁹ project stands out, an initiative launched to generate awareness, direct global attention and a solution to the food waste crisis.

4.3. Pollution

4.3.1. Atmospheric emissions

[305.7]



The control of atmospheric emissions is carried out by applying the Best Available Technologies (BATs), that allow minimizing the emission of pollutants in the sources existing in the installation and guaranteeing compliance with the limits set forth in the Integrated Environmental Authorization in force and in the applicable regulations for the case of Repol. Regarding the emission of nitrogen oxides (NO_x), sulfur oxides (SO_x) and other significant emissions to the air, the data are collected in the following table:

ATMOSPHERIC EMISSIONS (TONS)	FY2019	FY2020	FY2021
NO _x	859	497	443
SO _x	79	80	84
VOCs	13	9	6
Particles (PM)	12	9	9

The calculation is based on the regulatory measurements of the emission sources, with the exception of one of the sources, for which self-control measurements are used (carried out by an accredited external laboratory), multiplying the emission by the number of hours of operation for the fiscal year. When any recorded value is lower than the laboratory's detection limit, that emission is valued as half the detection limit (following the methodology used in the PRTR emissions report).



As can be seen, the values of NO_x, VOCs and PM follow a decreasing trend and the SO_x emission value remains practically stable.

(¹⁹) <https://change-challenge.org/>



4.3.2. Noise emissions

The facilities and configuration of the production process of Repol are basically different from those of UCE and contribute to the fact that the generation of noise does not have a significant impact. UCE shares its perimeter with *BP Oil Refinería de Castellon* and both companies have an agreement for the assessment of environmental noise. UBE has developed a management plan that contains numerous actions aimed at minimizing the effect on its environment and adapting its facilities to BAT's, implementing measures such as:

- Annual measurements on the exterior façade of neighboring homes
- Annual acoustic impact study, from which the noise sources on which it is necessary to carry out interventions to reduce their impact are identified
- Equipment acoustic insulation
- Maintenance plan for the equipment and facilities so that they work correctly and with the acoustic emission levels guaranteed by the suppliers.
- Implementation of equipment purchase specifications that guarantee maximum noise levels

4.3.3. Light emission

There is no legal requirement to control light pollution in UCE facilities. Actions in this regard focus on the maintenance plan for proper operation and replacement by equipment with less environmental impact.

4.3.4. Other pollution

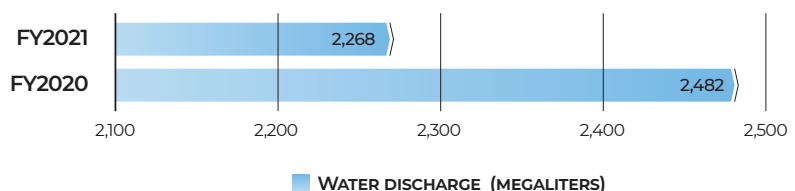
[303.1 / 303.2 / 303.4]

Emissions to water.

UCE receives industrial quality water that is treated internally to adapt it to the necessary uses of the plant. The water is consumed at the different points and in the case of UCE it is treated by means of a biological treatment plant to be subsequently discharged into the sea. In the case of Repol, the water is received chlorinated and is discharged into the local sewage network. In neither of the two productive zones are water extractions carried out.

The management of discharges in UCE is focused on minimizing the amount of water discharged and ensuring its quality so that it has the least possible effect on the receiving environment. At all times, UCE strives to comply

with the requirements established in the Integrated Environmental Authorization and the BREF for Residual Water in the Chemical Industry, in the case of UCE, and with the criteria of the Ordinance on discharges in Almassora, in the case of Repol. In 2021, the most notable measures to adapt the plant to the new BATs were the installation of a new tank to continuously add biodegradable organic matter to the treatment plant, and the start-up of another one, for the lamination of wastewater originated at the resin exchange process in the caprolactam unit. These measures optimize the process of the wastewater treatment plant. The **discharge in FY2021 has been 2,268 megaliters of water**. There are



no discharges in areas of water stress.

The UCE waste water treatment plant is biological and is designed to reduce nitrogen loads through an anoxia-aerobic-anoxia process and, likewise, reduce organic matter. Consumption and discharge data are controlled by meters, external for consumption, and internal for the final discharge.

Odour control.

The organization's environmental performance management goes beyond the legal requirements, with initiatives that seek to reduce the impacts on the environment generated by the activity. The companies of the Polígono Industrial El Serrallo, including UCE, have an action protocol in case there is any complaint about odours among the residents of the area, offering a coordinated response to the citizens and regulatory bodies.

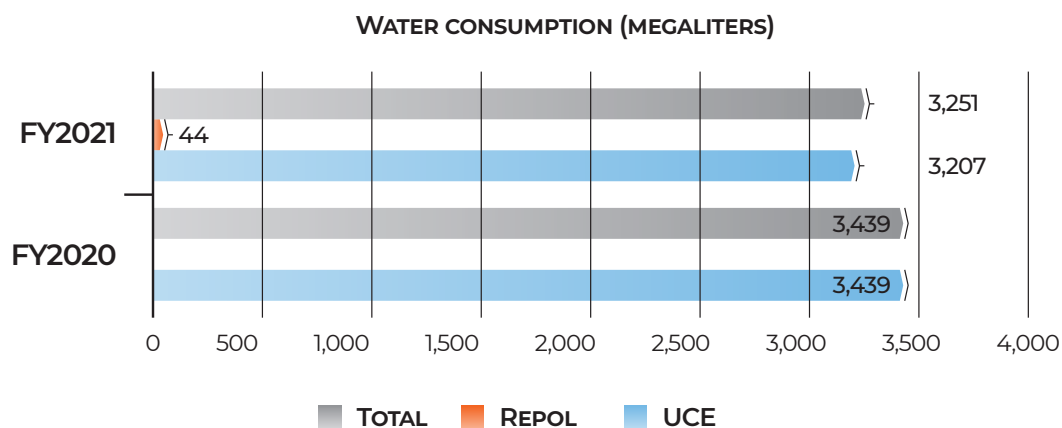
4.4. Sustainable use of resources

4.4.1. Water consumption

[303.3 / 303.5]



Water management encompasses both the control of the discharges generated and the impact of water consumption in the facilities. We work continuously to reduce water consumption in the production process. In FY2021 a total of **3,251 megaliters of water have been used**. Throughout this fiscal year, a project has been launched at UCE to consume osmosis water in cooling towers, which entails a reduction in water consumption and final discharge.



4.4.2. Water supply



The supply of water to the company is carried out through a water distribution company, including mainly industrial water and drinking water for consumption in buildings. The company does not carry out water extractions any of kind. There are no water withdrawals in areas of water stress.

4.4.3. Consumption of raw materials



The optimization of the consumption of raw or intermediate materials is a continuous process that requires the application of technical improvements to the production units through investment projects which execution extends to terms greater than a single fiscal year. Caprolactam is the basic product of the UCE plant, on which other outputs depend, such as nylon (obtained by polymerization of the former) or ammonium sulfate, which is a co-product. In FY2021 **88,178 tons of caprolactam** were produced, 7.23% less than the previous year. And total production for sales, between UCE and Repol amounted to 587,660 tons.

4.4.4. Energy consumption

[302.1 / 302.2 / 302.3]

UCE strives for improvement continuously following a strategy aligned with the objectives set by the European Green Deal. Efforts are focused on reducing and optimizing energy consumption, which leads to a reduction in emissions. Currently, the organization is defining its objectives in terms of sustainability, betting on responsible energy consumption and promoting the use of green energy as a starting point on the path to neutralization.

For this report, energy consumption and energy intensity have been calculated jointly for UBE Corporation Europe S.A.U. and Repol S.L.U.



“ **The electricity consumed at the UCE facilities in El Serrallo and at Repol have a 100% certification of renewable origin. (The electricity consumed by UCE in the storage area and unloading terminal of the logistics platform in Port Castello is excluded).**

Since 2010²⁰, the energy intensity ratio has decreased by 26.92%.

”

The energy consumption within the organization during FY2021 provides these figures:

(²⁰) From 2010, numerous projects were carried out to improve energy efficiency.

ENERGY CONSUMPTION (MWh)		2010 (CALENDAR YEAR)	2021 (FISCAL YEAR)	CHANGE (%)
a. Consumption of non-renewable fuels*	GN+FO+GO+FG	717,687	577,250	-19.57
b. Renewable sources		-	180,286	
c. Energy consumption				
Electricity (MWh)	Consumption	141,399	180,378	27.57
	Consumption of renewable origin	-	180,286	
Heating		n.a.	n.a.	
Refrigeration		n.a.	n.a.	
Steam consumption**		17,217	9,752	-43.36
d. Energy sales				
Electricity sold		113,232	112,651	-0.51
Heating sold		-	-	
Refrigeration sold		-	-	
Steam sold		-	-	
e. Total energy consumption by the organization		763,071	654,729	-14.20

* For the calculation of fuel consumption from non-renewable sources, the following have been considered: natural gas, fuel oil, gas oil and fuel gas (only in the case of 2010).

** Considering external purchase.

4.4.5. Chemical substances



The main chemical substances used in the production processes of UCE plants, with possible effects on the environment, are catalysts and organic solvents.



The catalyst is selected with several requirements in mind so as to achieve a balance between activity, selectivity of the catalyst, useful life of the catalyst and use of less toxic metals. Organic solvents are recovered using appropriate techniques, purified if necessary, and reintroduced into the process or operation, thus improving efficiency in the use of resources.



4.5. Protection of biodiversity

[304.1 / 304.2 / 304.3 / 304.4]

The activity of Repol has no significant impact on biodiversity. For its part, the UCE facilities are not located within any specific area of protected species or of great value for biodiversity, being in the vicinity of the Castellon Port. Annually, an accredited laboratory carries out a study to evaluate the quality of the water and the possible impact of the UCE activity on the area of influence of the outlet of the water treatment plant. The **Analysis of Marine Phytoplankton, characterization of benthic communities and bionomic cartography** provides environmental data on the phytoplankton community, the marine biocenoses and the state of conservation of the infaunal benthic communities, present in the discharge area of the company's submarine outlet of the water treatment plant, located south of the Port of Castellon.

For the 2021 campaign, the following conclusions have been obtained:

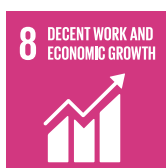
- The potentially toxic or harmful species identified in the samples do not reach cellular concentrations high enough to show their negative effects on the environment and / or human health.
- Absence of Harmful Algal Proliferation or “red tide”.
- No deterioration of the water body is detected, based on the results of the phytoplankton analysis.
- Ecological status has been determined to be very good at four of the five points sampled, and the fifth, good.

During fiscal year 2021, no environmental protection activities have been carried out by *UCE’s* Volunteer Promotion Group, due to the health situation caused by COVID-19.



5. LABOUR AND SOCIAL ISSUES

[103.1 / 103.2 / 103.3]



Human resource management at UCE is based on the UBE group's **Global Human Resources Policy**, formulated in 2015 by UBE Corporation and which defines the values shared by the group in human resource management. Although the regulations, customs and human resources systems may vary across the different countries where UBE has a presence, this policy establishes the fundamental and long-term approach to management, since each person on the staff is considered as the asset most important and valuable. Due to all this, the company undertakes to:

- **Value diversity** and respect the individuality of each person
- **Keep motivation very high**, stimulating creativity and autonomy
- **Provide opportunities** for each person to develop, based on their own professionalism
- Carry out fair **evaluation and remuneration**
- Strive to **improve the work environment**

In turn, the entire workforce is expected to meet the following requirements:

- Be aware of their **responsibility** in their behavior as members of the UBE group
- Communicate **proactively** inside and outside UBE, with a global mindset
- Strive for **continuous business improvement**, promoting teamwork and innovative thinking
- Show their **specialties** in each field and work to achieve great results
- Seek **personal growth** through self-transformation and accept the challenge of seeking infinite possibilities

The company has a history of net **job creation** in recent years due to the increase in technical and management projects, and the expansion of production activity in the Castellon factory, where most of the workforce is concentrated, with a **positive socioeconomic impact** in the local community.

EMPLOYMENT

Date	Total workforce of the consolidated group	Workforce at the parent company	Workforce in subsidiaries
31.3.2021	616	480	136
31.3.2022	613	475	138

In fiscal year 2021, UCE outsourced daily services in its factory equivalent to more than 330²¹ full-time jobs. Additionally, according to the estimates of the Federation of the Spanish Chemical Industry (Feique), there is a multiplying factor of 0.67 of induced employment per each direct job in the sector²², contributing to the additional generation of employment through the demand of other services such as engineering work, consultancy, legal advice, logistics, transport and storage services, waste management, catering, banking, etc. Applying this factor to the workforce of 475 employees in the UCE factory, 318 induced jobs would be obtained.

The future challenges in human resources are:

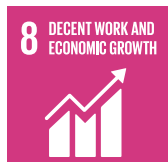
- Maintaining the level of protection against Covid and achieve the rate of zero accidents with sick leave for own personnel and contractors
- Progressively align the personnel policies in the UCE group affiliate companies in the fields of training, performance management and professional development.
- Develop the staff's potential for global leadership within the UCE group and preserve accumulated knowledge and expertise

5.1. Safety and health

[403.1 / 403.2 / 403.4 / 403.8]



UBE Corporation Europe has a firm commitment to the health and safety of workers, employees and contractors, as expressed in its Management Policy, promoting consultation and participation. It is part of the integrated management system, certified in accordance with the **ISO 45001** standard and translates into making the necessary efforts to prevent risk situations and, in the face of them, be prepared and act effectively.



The **Business Continuity Committee**, established at the end of 2020 to establish and supervise UCE's response strategy to the Covid-19 pandemic, continued to function throughout fiscal year 2021, adjusting prevention measures in the company to the evolution of risk and official provisions. Although there were no outbreaks of contagion in the group companies, in certain phases of the pandemic the number of cases that appeared among the staff forced some adjustments to be made to the production shifts, allowing the company to maintain its activity and commercial commitments. In March 2021, the general situation and the great progress in vaccination among the population allowed a return to face-to-face work in all areas. The Committee is carefully monitoring the evolution of the pandemic and stocks of prevention equipment and materials have been replenished.



“ Safety performance is continuously evaluated and strategic plans are established to improve results in a sustained manner over time. ”

(²¹) The contractor personnel provided services for a total of 585,459 hours and the annual working hours according to the chemical industry collective agreement is 1,752 hours.

(²²) <https://www.feique.org/pdfs/radiografiasectorial.pdf>

Ensuring safe working conditions in all areas and activities is a priority for the company, following the following principles:

- Use of proactive tools to identify hazards; assess and mitigate risks
- Updated training programs and use of new technologies, such as virtual reality simulator
- Consultation with workers and promotion of their participation in safety matters
- Reporting of incidents, analysis and dissemination of lessons learned
- Lead by example. Acknowledgments for dedication to occupational health and safety

The following mechanisms and tools have been established for the consultation and participation of workers in relation to occupational health and safety:

- Health and Safety Committee
- Safety, health and environment - related meetings by groups
- Specific procedures for communicating risks and reporting incidents or events
- Risk analysis, preventive safety and environmental observations, and safety inspections
- Proposal for health and safety improvements in accordance with the internal Change Management procedure

In order to favor the **information and consultation process**, various internal communication channels have been created in UCE:

- IntraUBE (intranet)
- Notice boards
- UBECConnect (corporate app, available throughout the group)
- Digital signage system



The risk assessment of the jobs is carried out using the risk matrix of Spain's National Institute of Safety and Health at Work, and also applying other analysis and control tools such as safety inspections, preventive safety observations, safety analysis at work or work permits. Since 2016, UCE has its own software to manage these evaluations, with the aim of being more agile in preparing and modifying them and improving their content. Process safety studies are carried out as mentioned in section 2.5 of this report.

During the 2021 financial year, the use of UBECConnect and digital signage as internal communication tools was extended to Repol and evaluations and tests have begun for the future adaptation of other consultation and participation mechanisms in occupational health and safety, such as preventive observations or safety inspections. The attached table shows the analysis and prevention tools planned and executed in UCE.

SAFETY PREVENTIVE OBSERVATIONS		SAFETY INSPECTIONS		SAFETY & ENVIRONMENTAL ISSUES MEETINGS BY DEPARTMENTS	
Planned	Performed	Planned	Performed	Planned	Performed
177	187	42	41	228	216

5.1.1. Safety and health at work

[403.2 / 403.3 / 403.4 / 403.5 / 403.7]

The company has a **Strategic Safety Plan** and a **Central Safety Committee** through which continuous improvement activities are promoted and multidisciplinary working groups are organized, to enrich the focus on safety and health. The **Safety Standards Manual** stands out within the safety management system, as a tool to achieve excellence, aiming to establish indications to develop the annual program of preventive safety and environmental observations (OPS) and a guide to carry them out. The result of this action is the identification of deficiencies that affect the safety and health of the personnel. Another basic pillar in the prevention of occupational risks to provide a safe environment for workers is training in occupational health and safety. Initial and periodic training in this field is defined through the training matrix per job position for all UCE personnel. In order to reach all workers, not just the employees themselves, all contractor personnel must pass an initial safety course on the risks of UCE activity, emergency measures and main safety and health regulations at work, which must be renewed annually. UCE carries out health and safety training actions for new employees, ongoing refresher training for employees and training for contractors.



UCE has established its own **prevention service** with the specialty of health surveillance, jointly with the company BP Oil. The **Medical Service** or Clinic is classified as a Basic Sanitary Unit in accordance with Spain's Royal Decree 843/2011 on the development of the health activity of the prevention services, and it performs the surveillance of the employees' health by observing the working conditions and their effects on the workers. The objective is to provide effective protection with respect to the risks inherent to each job, complying with the legal requirements regarding the prevention of occupational risks.

5.1.2 Work accidents

[403.9 / 403.10]

“ The main objectives in terms of safety and health at work are to achieve zero accidents with sick leave and reduce the number of process safety incidents due to loss of containment. ”

In FY2021 there have been no fatal accidents in the group, nor have there been any cases of illness or work-related accidents at the subsidiaries in Germany, Mexico and Brazil. The accident rate for UCE reported in the following table indicates that approximately 1 in 5 incidents that occur at the plant is likely to cause some type of personal injury, showing, on the one hand, that the vast majority of incidents are reported, and on the other, that it is necessary to further increase the safety culture at UCE, extending the model to Repol as well.

The **Process Safety Events Index** is a voluntarily established indicator related to the effective safety of production processes. It measures the number of incidents involving a leak or loss of confinement of materials. Incidents are classified as Tier 1 or Tier 2, depending on the amount and hazard of the substances, according to the recommendations of the Center for Chemical Process Safety (CCPS), based on API 754²³.

UBE CORPORATION EUROPE	FY2020	FY2021
Process Safety Index	10.4	9.8
Accident ratio	20.9	21
Frequency index	17.92	24.42
Severity index	0	0,09

REPOL	FY2020	FY2021
Process Safety Index	N/A	N/A
Accident ratio	N/A	N/A
Frequency index	77.52	49.66
Severity index	0.03	0.01

In process safety performance, FY2021 ended above the target value due to a small fire in a piece of equipment, two cases of loss of containment with major consequences (Tier 1) and nine cases of loss of containment with minor consequences (Tier 1). In the incidents where containment losses occurred in the process, the investigations have concluded that the causes were largely due to bad practice, non-compliance with safety regulations, as well as equipment failure. All these incidents have been carefully analyzed and corrective actions have been applied to prevent their recurrence.

PROCESS SAFETY EVENTS (UCE)	FY2020	FY2021
Target index	8	8
Effective index	10.4	9.8

With regard to accidents at work and occupational diseases, at UBE Corporation Europe, all incidents are investigated using different techniques to determine their basic causes. In the incidents, a distinction is made between own and contractor personnel, classifying the accidents as first aid, accidents without sick leave and accidents with sick leave.

During 2021, the number of **occupational accidents** with sick leave that occurred between own and contractor personnel at UCE increased, due in part to the greater number of hours worked and the performance of a general maintenance turnaround with complex and prolonged work. The company has investigated the root causes of each event and has applied a series of improvements and reinforcements in the training to avoid its repetition. Repol had a positive evolution and there were no accidents with sick leave during the year.

(²³) <https://www.api.org/products-and-services/standards/important-standards-announcements/754>

BREAKDOWN OF ACCIDENTS BY GENDER (SPAIN)

FISCAL YEAR	FIRST AID		ACCIDENTS WITHOUT SICK LEAVE		ACCIDENTS WITH SICK LEAVE		FIRST AID CONTRACTORS		ACCIDENTS WITHOUT SICK LEAVE CONTRACTORS		ACCIDENTS WITH SICK LEAVE CONTRACTORS	
	W	M	W	M	W	M	W	M	W	M	W	M
UCE 2020	1	11	0	0	0	0	1	14	0	0	0	1
UCE 2021	1	14	0	1	0	1	1	8	0	0	0	1
REPOL 2020	3	10	0	2	0	1	0	0	0	0	0	1
REPOL 2021	0	7	0	0	0	0	0	0	0	0	0	0

5.1.3. Occupational diseases. Health promotion.

[403.6 / 403.10]

In 2021 no case of occupational disease has been registered. UCE has a joint medical service that offers care to all staff, both its own and contractors, 24 hours a day.

The **UBE Healthy program**, launched during the 2017 financial year, was recognized by Spain's National Institute of Safety and Health at Work (INSST) during the VI Meeting of the Spanish Network of Healthy Companies (REES) held in December 2021²⁴. The program is aimed at preserving and promoting health by facilitating the practice of healthy lifestyle habits, oriented towards the three areas of health (mental, social and physical).

In the physical area, four lines of work have been defined: Physical activity, Healthy eating, Smoking and Disease prevention. In the mental area, preventive actions are carried out in order to provide employees and supervisors with certain tools for better self-management. Finally, in the social area, beyond legal-labour relations, volunteering or social participation actions are promoted that generate a positive impact on the employees themselves, their families and society as a whole.



(²⁴) <https://www.insst.es/buenas-practicas>



UBE Healthy: good practices in health promotion. Examples of the mental area.

For the attention and improvement of the mental well-being of the staff, the company has several tools framed in the occupational risk prevention system and the UBE Healthy transversal program. **Psicomet** is a protocol integrated into the annual health surveillance program in order to assess the level of stress and detect early health risks of a psychosocial nature, whether or not they are work-related. This allows activating the necessary means to alleviate them before they can lead to a health problem.

The **PAE** (Employee Help Program) offers free psychological support to workers, through consultation with experts, who will seek to help redirect situations or relationships that are causing emotional distress, whether in the family, social or work environment. The service has proven its usefulness in responding to a growing number of concerns and queries in the non-work environment and framed in the changes in lifestyle caused by the Covid pandemic. In a complementary manner, the "**Emotional Health Care**" campaign developed during the year has made available to staff a series of webinars, educational videos and practical examples to improve health care in the fields of: healthy habits; anxiety management, healthy leadership, technological stress management, emotional self-care, family conciliation, pandemic fatigue, time management, etc.



5.2. Social relationships

5.2.1. Social dialogue

[407.1]



In accordance with the **Global Human Resources Policy**, and above what is legally required, there are multiple channels with workers and their legal representatives, to share information and promote meaningful and fluid communication, as mentioned in section 5.1, these tools are accessible to all staff, and frequently carry information related to aspects of safety, health, protection, welfare measures, news and activities of the parent company and subsidiaries, training and business issues, etc. and there are various sections to encourage participation.

In addition to the workers committee, general queries and suggestions can be submitted through the supervision line or Human Resources staff, and may be escalated to higher decision-making levels or to other departments where appropriate. The work committees for Human Resources and economic monitoring, Equality, Operational discipline, Approval of improvements, Occupational health and safety, Safety of operations and Safety improvements, among others, allow combining aspects of business management with greater transparency and fluid communication and encourage the participation of personnel related to certain functions or projects.

The group's website is a general communication vehicle that makes available to the public information on the company's management policies, principles and certifications; the main objectives and achievements; the range of products and their applications, etc.

5.2.2. Collective agreements

[102.41]

UBE Corporation Europe is subject to Spain's General Chemical Industry Collective Agreement. Within this global framework, company agreements that improve the conditions of the aforementioned agreement have been reached. The latest agreements reached with the workers committee cover fiscal years 2021, 2022 and 2023. The workers committee is made up of 13 people and its operation is regulated by article 84 of the General Chemical Industry Collective Agreement. Likewise, the union delegates of the Castellon work center, who represent the union organizations with representation in UCE, have a say, with the attributions and obligations that result from their legal regulation. **Repol** is also governed by the General Chemical Industry Collective Agreement, with 100% of UCE group's staff in Spain subject to collective business agreements, with improvements over the aforementioned general agreement. The balance of the agreements is positive and their application has allowed a fluid social dialogue within the company.

UBE Europe GmbH does not belong to any employer organization and there is no mandatory collective agreement in its case, so the staff is not subject to an agreement, but it is subject to the labor laws applicable in each region and at the state level. There is an agreement of conditions between the management and the staff. The particular salary conditions are agreed with the new employee at the time of their hiring according to their specific circumstances, but always within the range of other comparable hires, and with the advice of external recruitment companies. The annual increases for the workforce, work calendar, etc are authorized by UCE's management committee.

UBE Latin America Serviços takes as a reference for the annual salary update the collective agreement of the employer association Sindicato dos Empregados de Agentes Autônomos do Comércio e em Empresas de Assessoramento, Perícias, informações e pesquisas e de Empresas de Serviços Contábeis no Estado de São Paulo.

UBE México S. de R.L. de C.V. does not belong to any employer organization and there is no mandatory collective agreement in its case, being the personnel subject to the local applicable labor laws and with an agreement of conditions with the management.

Pension plans

[201.3]

UCE is the promoter of a joint promotion **Pension Plan constituted** on July 10, 1990 and registered in the Administrative Registry of Pension Funds of the Ministry of Economy and Finance with number F0214, the participants are those employees with an indefinite work contract who join voluntarily. Its purpose is to improve the General Social Security Regime, in order to provide retirement, disability, widowhood, orphanhood and inheritance benefits to its beneficiaries, and it is governed by the Law of Regulation of Pension Plans and Funds, its development regulations and other applicable regulations.

The managing entity of the fund is *VidaCaixa, S.A.U. de Seguros y Reaseguros*, being the depositary entity CecaBank, S.A and the auditor Mazars Auditores, S.L.P. The surveillance and control of the plan corresponds to a control commission made up of twelve people.

Any employee with an indefinite contract can participate, once the trial period has passed, and if he/she meets the conditions and requirements that are determined in the regulations. For the coverage of savings benefits (retirement), the promoter contribution in 2021 was 2.5% of the total salary

and that of the participant, 0.6%. Participants can make voluntary contributions without exceeding the limit set by the legislation in force at each time.

Group insurance. Study aid plans. Social Fund. Other aids.

[401.2]

The company has contracted group life and accident insurance.

The system of **Study Aid Plans** applies to personnel with an indefinite contract and allows the reimbursement of up to two thirds of the study expenses of the person employed by UBE, with a maximum of 1,500 euros per academic, or natural year. In the case of aid for school or university studies for the children of employees, the ceiling is 4,500 euros for the whole duration of studies.

The main objective of the **Social Fund** is to stimulate collective security awareness, obtaining economic contributions based on collective security results that will constitute a fund for welfare and commemorative purposes. Contributions are subject to the absence of occupational accidents with sick leave, in accordance with the philosophy of UCE. The fund is intended to grant financial aid, not provided for by another UCE social plan, and to commemorate milestones related to safety at work and characterized by the absence of accidents with sick leave. With a charge to the Social Fund, employees can request aid for loans up to an amount of € 5,000.

Other existing aids for employees are:

- Assistance plan for **daycare for employees' children**: payment of a maximum of €70 per month for the costs incurred in registering children in daycare centers. €25 per week is also subsidized for the enrollment of sons and daughters in nursery schools during non-school periods.
- Compensation of **interest on personal loans**. (With certain requirements of seniority in the company). It consists of the refund of part of the interests paid by the beneficiary employee to a financial institution, derived from the subscription of a personal loan. 100% of the interest is subsidized when the loan is requested to pay for investments or consumer goods related to energy or environmental efficiency.
- **Loans** for the purchase of automobiles or housing. (With certain requirements of seniority in the company).
- **Health insurance** for employees and family members. The company subsidizes €10 per month of the employee's health insurance cost.

The **total capital** allocated to these social benefits by UCE for FY2021 was **€156,756**. Of these, 84,244 euro were allocated as financial aid for the studies of the sons and daughters, of a total of 213 employees.

SOCIAL BENEFITS, UCE (SPAIN)

	Total (€)	Number of employees benefited	Men	Women
Aid to study plans	13,545	36	26	10
Aid to children studies	84,244	213	165	48
Bank interests compensation	31,671	77	67	10
Childcare	27,296	77	50	27
Health insurance aid (10€)	15,475	152	116	36
TOTAL	156,756			

DESCRIPTION OF SOCIAL BENEFITS IN UCE GROUP COMPANIES

	UEG	ULA	Repol
Food tickets (when eating at work)	Yes	Yes	Yes
Travel expenses to the office or garage parking cost	Yes		
Travel expenses (partially)		Yes	
Drinks in the office (tea, coffee, water)	Yes		Yes
Accident insurance	Yes		
Luggage insurance	Yes		
Height adjustable table (office)	Yes	Yes	Yes
Work-related courses (with limits)	Yes	Yes	
Financial aid for marriage celebration, child birth	Yes		
Compensation for sickness expenses of children	Yes		
Daycare expenses (with justification)		Yes	
Health and dental insurance		Yes	Yes



5.3. Labor

5.3.1. Employees

[202.2/ 405.1]

Structure by professional groups and functional levels.

UBE Corporation Europe has a total of 613 people on staff with the following distribution.

COMPANY	EMPLOYEES	WOMEN
UBE Corporation Europe	475	21%
Repol	84	23%
UBE Europe GmbH	41	51%
UBE Mexico	4	25%
UBE Latin America	9	56%

88.8% (87 out of 9) of senior executives have been hired in the UCE region or local community.

The **Personnel Rules Manual** regulates the work relationships between the group and its employees, in order to adapt the peculiar characteristics of the company to

the legislation and formalize in a single text all details about the employment relationship of UCE, guidelines of conduct and specific uses, which frame the rights and obligations of both parties.



The professional structure responds to the demands of the work and production organization regime, allowing adaptability and optimization in the use of available resources and the economic and professional progression of the staff. **Versatility and professional capacity** are promoted, in order to obtain the best levels of efficiency in the allocation of human resources, and promote the maximum degree of work versatility and professional development so that workers feel integrated and recognized in their professionalism and remuneration.

UCE has a **professional classification** with nine categories, of which levels 0 and 7 include management levels and levels 1 to 6, different professional groups, with level 55 reserved for special situations, such as foreign or expatriate personnel, who provide their services temporarily from Spain. In Repol, the categories range from 0 to 8, with group 0 corresponding to senior management²⁵.

The functional levels are classification intervals that make it possible to group horizontally different degrees of responsibility and organizational content, determining the degrees of professional promotion and the remuneration equivalence to the salary tables. Belonging to a professional group enables said employees to perform a typology of positions, according to the equivalence between groups and established levels. Each level has a remuneration reference associated with it.

External staff

[403.8]

The number of external workers at UCE facilities is highly variable and depends on the facility's maintenance schedule, as well as on the planning of ongoing projects. The average in fiscal year 2021 was over 330 people. All contractors and subcontractors that provide services at UCE facilities meet the requirements established in the general conditions for contracting UCE services, in accordance

(²⁵) See the description of professional groups in Annex 4.



with the established regulations. The coordination of business activities and authorizations for plant work are carried out through the CTAIMA platform, which provides this service to the chemical sector nationwide.



Promotion and professional development

[402.1]

The professional and remunerative evolution within the professional structure designed has two trajectories:

- **Ascendant or professional promotion.** It involves the rise in functional level as a consequence of the development of functions or the performance of positions framed in a level of greater responsibility.
- **Horizontal or professional development.** It consists of professional and economic progression within the same level of responsibility.

Both the promotion of level and the professional development imply consolidation of the professional and remunerative situation that is being reached.

Substantial modification of individual working conditions:

The decision to substantially modify individual working conditions must be notified by the company to the affected worker and their legal representatives at least fifteen days before the effective date.

Substantial modification of collective work conditions:

Without prejudice to the specific procedures that may be established in collective bargaining, the decision to substantially modify working conditions of a collective nature must be preceded by a period of consultations with the legal representatives of the workers, lasting no more than fifteen days, which will deal with the motivating causes of the business decision and the possibility of avoiding or reducing its effects, as well as the necessary measures to mitigate its consequences for the affected workers. The consultation will be carried out in a single negotiating commission, although, if there are several work centers, it will be limited to the centers affected by the procedure.

Professional classification by companies.

UBE CORPORATION EUROPE, PROFESSIONAL CLASSIFICATION

Professional group	0	1	2	3	4	5	6	7	55	Total
Men	8	117	90	63	36	35	12	11	1	373
Women		13	36	14	25	9	4	1		102
Total	8	130	126	77	61	44	16	12	1	475
Women (in %)	0%	10%	29%	18%	41%	20%	25%	8%	0%	21%

REPOL, PROFESSIONAL CLASSIFICATION

Professional group	0	1	2	3	4	5	6	7	8	Total
Men			8	17	18	11	3	7	1	65
Women		2		3	6	6		2		19
Total		2	8	20	24	17	3	9	1	84
Women (in %)		100%	0%	15%	25%	35%	0%	22%	0%	23%

UBE EUROPE GMBH

MEN

WOMEN

TOTAL

Corporate service & administration	2	3	5
Logistics	1	4	5
Machinery division	5	1	6
Sales & marketing	3	3	6
Corporate sales & marketing	1		1
Nylon sales	8	10	18
Total	20	21	41
%	49%	51%	

UBE LATIN AMERICA SERVIÇOS LTDA.

MEN

WOMEN

TOTAL

Director	1		1
Administration		2	2
Sales	1	3	4
Machinery division	2		2
Total	4	5	9
%	44%	56%	

UBE MÉXICO S. DE R.L. DE C.V.

MEN

WOMEN

TOTAL

Administration		1	1
Director	1		1
Sales	2		2
Total	3	1	4
%	75%	25%	

5.3.2. Contract modalities

The distribution of the UCE staff by age ranges shows a higher concentration in the ranges of 30 - 40/40 - 50 years.

Regarding the work modalities, the high percentage of permanent contracts stands out (98% in UCE, 93% in Repol). At UBE Corporation Europe, by gender, of the total of 467 permanent contracts, 21% are women. Regarding temporary contracts, of 7 contracts, 58% are women. There is 1 case of partial retirement (a man). The following table includes the annual average of permanent, temporary and part-time contracts, by sex, age and professional classification.

AGE RANGE	EMPLOYEES	%
20-30	41	9%
30-40	170	36%
40-50	192	40%
51-60	62	13%
61-70	10	2%
>70	-	0%
Total	475	100%

UCE, CLASSIFICATION BY CONTRACT TYPE, GENDER & PROFESSIONAL CATEGORY

PROFESSIONAL GROUP	0	1	2	3	4	5	6	7	55	Total
Indefinite 100/189	8	129	121	76	60	44	16	12	1	467
Men	8	116	89	62	35	35	12	11	1	369
Women	0	13	32	14	25	9	4	1	0	98
Temporary 401			5		1					6
Men			1		1					2
Women			4							4
Partial retirement 540				1						1
Men				1						1
Temporary 530A		1								1
Men		1								1
Total general	8	130	126	77	61	44	16	12	1	475

**UCE, CONTRACTS
BY TYPE AND GENDER**

	MEN	WOMEN	WOMEN (%)
Total indefinite: 467	369	98	21%
Total temporary: 7	3	4	57%
Total partial retirement: 1	1		0%

REPOL, CLASSIFICATION BY CONTRACT TYPE, GENDER & PROFESSIONAL CATEGORY

PROFESSIONAL GROUP	1	2	3	4	5	6	7	8	Total
Indefinite 100/189		4	20	23	16	3	9	1	76
Men		4	17	17	10	3	7	1	59
Women			3	6	6		2		17
Temporary 401		4		1	1				6
Men		4		1	1				6
Indefinite, part-time 200/289	2								2
Women	2								2
Total	2	8	20	24	17	3	9	1	84

REPOL, CONTRACTS BY TYPE AND GENDER

	MEN	WOMEN	WOMEN (%)
Total indefinite: 78	59	19	24%
Total temporary: 6	6	0	0%

5.3.3. New hires and layoffs

[401.1]

During FY2021 there were 11 new hires at UCE, with 45% women. Of the 16 people who left the company 25% were women. A total of three workers were fired, all of them men. In Repol, five men were fired

HIRES / LAYOFFS BY ORIGIN, UCE

SPAIN

Hires	11 (100%)
Layoffs	16 (100%)

HIRES / LAYOFFS UCE FY2021

	Men	Women	Total	Women (%)
Hires	6	5	11	45%
Layoffs	12	4	16	25%

LAYOFFS BY GENDER, AGE & CLASSIFICATION, UCE

AGE

GROUP

Man	57	Management
Man	31	Group I
Man	25	Group I

HIRES / LAYOFFS BY AGE RANGE, UCE

	20-30	30-40	40-50	50-60	60-70	>70	TOTAL
Hires	9	2					11
%	82%	18%					100%
Layoffs	7	4	4		1		16
%	44%	25%	25%		6%		100%

LAYOFFS BY GENDER, AGE & CLASSIFICATION, REPOL

	AGE	GROUP
Man	38	Group 8
Man	40	Group 4
Man	48	Group 7
Man	40	Group 6
Man	34	Group 3

HIRES / LAYOFFS BY ORIGIN, REPOL

SPAIN

Hires	14 (100%)
Layoffs	10 (100%)

HIRES / LAYOFFS REPOL FY2021

	MEN	WOMEN	TOTAL	WOMEN (%)
Hires	11	3	14	21%
Layoffs	10		10	0%

HIRES / LAYOFFS BY AGE RANGE, REPOL

	20-30	30-40	40-50	50-60	60-70	>70	TOTAL
Hires	6	7	1				14
%	43%	50%	7%				100%
Layoffs	1	2	5	2			10
%	10%	20%	50%	20%			100%

5.3.4. Remunerations

[202.1 / 405.2 / 102.35 / 102.36 / 102.37 / 102.38 / 102.39]

All employees receive a salary that is higher than the minimum interprofessional salary. In the following tables, the annual average is broken down by professional groups, for men and women, taking the general mean as base 100 for the comparison. The calculation is based on the base salary, the assigned supplement and the seniority, leaving out the supplements for shift or night, which are typical of the job, regardless of the person.

In UCE the greatest difference in average remuneration over the base value occurs in level 5 (Group III) of technicians with greater training and responsibility, with 9%. The general average remuneration of female staff represents 94.89% with respect to the average, this difference is not considered significant. Similarly, in the breakdown by professional groups, the differences in one direction or another do not exceed 25%, and are therefore not significant.

**UCE. RATIO OF BASE SALARY AND REMUNERATION
OF WOMEN TO MEN. BY PROFESSIONAL GROUPS**

Group	Men / Total	Women / Total	Total
0	100.00%	-	100%
1	100.67%	93.92%	100%
2	101.53%	96.28%	100%
3	100.89%	95.97%	100%
4	97.45%	103.68%	100%
5	101.95%	92.41%	100%
6	100.74%	97.78%	100%
7	99.21%	108.68%	100%
55	100.00%	-	100%
Total	101.41%	94.89%	100%

The following table shows the average remuneration of the professional groups in UCE, broken down by age range and sex, based on 100 of the general average. There are growing differences with respect to the general average as the age of the people increases.

**UCE. AVERAGE REMUNERATION BY AGE RANGE AND GENDER
AS PERCENTAGE OVER THE GENERAL COMPANY AVERAGE**

Age range	Men	Women	Total general
20-29	68.31%	68.31%	68.31%
30-39	81.49%	90.00%	83.33%
40-49	107.12%	102.19%	105.98%
50-59	150.91%	144.36%	150.21%
60-71	221.41%	-	221.41%
Total general	101.41%	94.89%	100.00%

**UCE. AVERAGE REMUNERATION BY GROUPS
AND GENDER WITH RESPECT TO THE OVERALL
GENERAL AVERAGE OF THE COMPANY**

Group	Men	Women
0	294.50%	-
1	71.89%	67.07%
2	86.13%	81.68%
3	107.46%	102.22%
4	92.96%	98.90%
5	133.38%	120.90%
6	169.84%	164.85%
7	208.20%	228.08%
55	222.28%	-

Distribution for Repol

In the case of Repol, the greatest difference in average remuneration over the base value occurs in Group 4, with 16%. The general average remuneration of female personnel represents 93.43% with respect to the average, and this difference is not considered significant. Likewise, in the breakdown by professional groups, the differences in one direction or another do not exceed 25%, and are therefore not significant.

REPOL. RATIO OF BASE SALARY AND REMUNERATION OF WOMEN TO MEN. BY PROFESSIONAL GROUPS

Group	Men/Total	Women/Total	Total
1	-	100.00%	100.00%
2	100.00%	-	100.00%
3	100.85%	95.19%	100.00%
4	104.05%	87.84%	100.00%
5	99.31%	101.26%	100.00%
6	100.00%	-	100.00%
7	99.84%	100.55%	100.00%
8	100.00%	-	100.00%
Total	101.86%	93.43	100.00%

REPOL. AVERAGE REMUNERATION BY AGE RANGE AND GENDER AS PERCENTAGE OVER THE GENERAL COMPANY AVERAGE

Age range	Men	Women	Total general
20-30	73.13%	73.50%	73.24%
30-40	88.35%	95.91%	89.65%
40-50	113.22%	116.46%	114.38%
50-60	131.12%	86.49%	124.07%
60-70	138.09%	64.03%	119.58%
Total	101.86%	93.43%	100.00%

REPOL. AVERAGE REMUNERATION BY GROUP AND GENDER WITH RESPECT TO THE OVERALL GENERAL AVERAGE OF THE COMPANY

Group	Men	Women
1	-	62.78%
2	68.25%	-
3	75.19%	70.97%
4	93.30%	78.76%
5	100.42%	102.39%
6	125.12%	-
7	173.69%	174.91%
8	278.47%	-

5.3.5. Wage gap

No significant or systematic salary gap has been detected according to the criteria of Spanish legislation for equal treatment and opportunities between women and men in employment and occupation. The differences observed in the 50-60 and 60-70 age groups in terms of the average salary level between men and women with respect to the average salary of the Repol workforce are due to the different demographic structure of the company in its beginnings almost fifty years, and today, with the progressive incorporation of women in all groups of the classification.

5.3.6. Work disconnection policies

Outplacement, also known as job placement, is a support service that UBE provides in certain circumstances to an employee whom it decides to dismiss, with the aim of making it easier for them to get a new job suited to their profile in the shortest time possible. It is provided through a specialized agency, in charge of identifying possible jobs for the person, and helping to improve job search techniques.

5.3.7. Employees with disabilities

In accordance with Spanish regulations, UBE Corporation Europe is obliged to guarantee a reservation ratio of two percent for workers with disabilities. There is currently in the staff one employee with a disability, male and framed at level 1.

The company has an exemption certificate, renewed in 2019 for a period of three years by the Regional Department of Sustainable Economy, Productive Sectors, Commerce and Labor, in accordance with Royal Decree 364/2005, given the impossibility of public employment services and employment agencies to deal with job offers presented by UCE, given the lack of job seekers with disabilities registered in the indicated occupation. The alternative measures applied in the case of UCE are the following:

- Since 2021 UCE has a contract for the provision of business services in the Castellon offices with *Quality Dual Integra*, a local special employment center.
- Making donations of a monetary nature, for the development of labor insertion activities and job creation in the Castellon area, to the following public utility entities: *Adecco Foundation*, *El CAU School Association* and *El Rinconet Farm School Association*.

Repol does not have any person on staff with disabilities, having an exemption certificate for compliance with alternative measures (donation to the Adecco Foundation), as does UCE.

The Human Resources area continues to actively study other possibilities of employment integration of people with disabilities. Since 2015, the company collaborates with the Employment Networking Fair, organized by the **Castellon CSR Forum**, to facilitate the coming together of companies and unemployed people, the exchange of experiences and the employability of groups with the greatest difficulty to gain a foothold in the market labor. In addition to contributing to the training and preparation of the Networking participants, UCE has held interviews and analyzed the CVs of people with disabilities to continue studying their possible incorporation into the company.

5.4. Work organization

5.4.1. Working time

Working days, schedules, overtime and holidays.

The annual working day according to the chemical industries labor agreement is 1,752 hours²⁶. The Personnel Rules Manual specifies the organization of the company's work.

Normal working hours:

- **Split day:** from 8:00 a.m. to 5:20 p.m. from Monday to Thursday, with a daily interruption of 40 minutes for lunch and from 8:00 a.m. to 2:00 p.m. on Fridays.
- **Intensive day:** from 8:00 a.m. to 2:00 p.m. from Monday to Friday in the months of July and August and from December 23 to January 6 of the following year, as well as the days of June that are necessary so that the number of working hours remains unchanged. The computation is annual, according to the intensive working hours established in previous agreements.

Overtime hours.

For employees who do not work shifts, weekly rest and holidays are respected in accordance with the general precepts established in the legislation. Employees on a shift system that cover 24 hours a day (long shift), enjoy the breaks defined for each 35-day cycle according to the agreement for the implementation of the fifth shift, and also enjoy a minimum of 10 days off additional per year, which increases to a maximum of 21, depending on the age range of the person.

In general, the company's permanent staff enjoy paid vacations of 22 working days for normal working days and 23 working days for shift staff. Furthermore, in both cases, vacation days are increased by 1 additional day for every five years of recognized seniority up to a maximum of 6, upon reaching thirty years of seniority in the company.

The fifth shift agreement implemented since 2015 improved conditions by minimizing the work hours at night and overtime. It favors work-life balance by more frequently matching weekly breaks to weekends, ensuring two free weekends in each 35-day cycle. The company understands that organizationally it is more competitive and improves production quality. The agreement applies to jobs that must be covered 24 hours a day every day of the year under a shift work organization. Working time is regulated in three shifts, from 06:00 to 14:00 (morning shift); from 2:00 p.m. to 10:00 p.m. (afternoon shift) and from 10:00 p.m. to 6:00 a.m. (night shift).

Shift cycle.

Each shift changes between the different work and rest periods in a 35-day cycle of irregular distribution that begins on a Monday: 3 days in the morning shift, 4 days in the night shift, 3 days off; 4 days in the morning shift, 3 days in the afternoon shift, 7 days off; 4 days in the afternoon shift, 3 days in the night shift, 4 days off. This 35-day cycle is performed by each of the five shifts with a lag of one week with respect to another of the five worker shifts. In this way, each 35-day cycle has 21 working days and 14 days off. The weekly rest established in the cycle accumulates an annual excess of 14 breaks, so a mechanics of returning rest days is established by systematically cutting the first two or the last two breaks from the central group of seven breaks out of every two cycles, alternatively.

(²⁶) https://www.boe.es/diario_boe/txt.php?id=BOE-A-2018-11368

The shift system at Repol is from Monday to Thursday in a continuous shift, mornings (from 6:00 a.m. to 2:00 p.m.), nights (from 10:00 p.m. to 6:00 a.m.) and afternoons (from 2:00 p.m. to 10:00 p.m.) for the production staff, and split shift from 9:00 to 14:00 and from 15:00 to 18:00, for the rest of the staff. No work on weekends.

TOTAL HOURS PLANNED BY SHIFT. UCE

Shift	Hours
Shift A	68,800
Shift B	65,600
Shift C	67,200
Shift D	68,800
Shift E	72,000
Shift runner	32,000
Short shift	4,800
Split shift	412,737
Total hours	791,937

5.4.2. Absenteeism

ABSENTEEISM

Hours sick leave/ total worked hours	FY2020	FY2021
Average UBE Corporation Europe	1.75%	4.10%
Average UBE Europe GmbH	4.54%	3.61%
Average Repol	0.64%	5.73%

5.4.3. Conciliation

[401.3]

In order to allow a balance between work life and personal development, UCE allows, through this formula, to adapt the time of entry and exit, maintaining the working day and always attending to the needs of the company. Its application depends on the characteristics of each area and the specific job position and is analyzed case by case, when the employee must take care of the school needs of children under 12 years of age, or the care of a relative in the first degree of consanguinity or affinity, with a recognized disability and without paid work, or a family member in need of special care due to age, accident or illness. Additionally, workers voluntarily have one day a week to perform their duties remotely as a measure of flexibility.

CONCILIATION PERMITS AND LICENSES (UCE)

%

Percentage of return to work	No. of employees who returned / had to return to work after parental leave	100/100
Percentage of continuity in work	No. of employees who continue to work 12 months after parental leave	100
	No. of employees returning from parental leave	100

TYPE OF LICENSE FOR CONCILIATION. UCE	SPAIN			GERMANY			BRAZIL		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Childbirth	28	25	3	1	-	1			
Lactancy leave	15	12	3						
Special leave in case of risk during pregnancy or lactancy	3	-	3						
Leave of absence in the year	-	-	-						
Reduction of working hours in the year	12	1	11	3	-	3			
Flexible working hours	63	37	26				9	5	4

TYPE OF LICENSE FOR CONCILIATION. REPOL

	MEN	WOMEN	TOTAL
Childbirth	4	1	5
Lactancy leave		1	1



“ The Family Plan: between work-life balance and social benefits

It is a social program of the Adecco Foundation that provides disabled relatives of UBE employees with the opportunity to develop skills, attitudes and social, personal and professional competencies, with the aim of improving their social and work integration. From the earliest ages, the development of skills and competencies that allow people with disabilities to increase their autonomy and employability is worked on. During 2020, seven girls and boys with disabilities, children of UCE staff, have received specialized treatments to improve their quality of life, autonomy and social integration.

Investment in the Family Plan 2021: € 30,565

”

5.5. Training

[404.1 / 404.2 / 404.3]

The annual training plan is aimed at all staff in order to increase the potential of the organization, professional development, competitiveness and change. The training activities are evaluated both by the employee and by the supervision and focus on five main areas:

- Technical Expertise Training: specific to the job, it is defined by the supervision of each area and is managed as the job requires it.
- General Expertise Training: transversal type (computer programs, new work procedures, languages, etc.) It is defined by the Human Resources area in collaboration with the others.
- Corporate training: it is mandatory to support the general objectives of the organization and is defined by the management. It can include issues of compliance, quality, new corporate procedures, etc.
- Training in safety, prevention and the environment: it is mandatory and is established by the functional department of occupational risk prevention, safety and the environment.
- Skills training: defined by the Human Resources area as a complement to strengthen those skills that the person needs to develop his/her professional career, facilitate the transition to new positions or for succession plans.

UBE CORPORATION EUROPE. TRAINING BY KNOWLEDGE AREAS. FY2021

Total hours	Professional skills	General expertise	Technical Expertise	Seminars, conferences and forums	Safety, prevention, environment protection and corporate	Total
Men	493	777	1,123	77	6,777	9,246
Men, average	1	2	3	-	18	25
Women	170	598	285	87	1,480	2,619
Women, average	2	6	3	1	15	26
Total	663	1,374	1,408	164	8,257	11,865
Total average	1	3	3	-	17	25

UBE CORPORATION EUROPE. TRAINING BY GROUPS AND GENDER FY 2021

Total hours	Levels 1-3	Levels 4-6	Levels 0 and 7	Total general
Men	5,561	2,976	709	9,246
Women	1,185	1,423	11	2,619
Total general	6,746	4,399	720	11,865
General average	20	36	34	25

REPOL. TRAINING BY KNOWLEDGE ÁREAS FY 2021

Total hours	Professional skills	General expertise	Technical expertise	Safety prevention, environment protection & corporate	Total
Men	48	221	20	207	496
Men, average	1	3	-	3	8
Women		179		20	199
Women, average		9		1	10
Total	48	400	20	227	695
Total average	1	5	-	3	8

The increase in training activities during the 2021 financial year has been appreciable, favored by the progressive normalization of prevention measures against Covid 19, in accordance with official guidelines. Among the most notable actions are the following:

1. Virtual reality training on the LOTO (LockOutTagOut) procedure in three types of electrical cabinets. The scenario is a generic industrial environment adapted to the characteristics of UCE, for safe connection and disconnection operations of electrical equipment.

2. Belbin Roles Workshops. As part of the development program, a project has been launched to allow work teams to get to know each other better, using the Belbin methodology. This method makes it possible to identify the behavioral contributions of people, based on the existence of nine key roles for the success of any team or work project, through one analysis of self-perception and a second one of observer perception. Five workshops were organized, with the total participation of 48 people, which made it possible to identify the contribution of each attendee to their work team, the "allowable weaknesses" as well as the non-preferred roles, with the ultimate goal of establishing actions to improve performance. of the teams.



3. Leadership programs with the participation of 16 middle managers from Repol and UCE.

4. To promote the **strategic digital transformation plan**, several training programs have been carried out related to the incorporation of new technologies and tools that enhance operational improvement, focusing efforts on creating value and reducing those tasks that do not contribute it (Operational Excellence, added value and reduced waste):

- Processes and Digitization: Training on VSM. Process reengineering-SAP S4.
- People. Agile tools training.

Attitudinal development process.

This tool allows promoting the professional development of staff. Nine personal competencies are annually evaluated for each person (identification with the company; motivation; achievement orientation; acceptance of change; creativity; business orientation; teamwork; management and regulatory and operational discipline), obtaining a final weighting that allows detecting areas for improvement for each person during their individual assessment interview. (This system will be integrated into Repol in the coming years). The process consists of the following phases:

- Self-assessment: allows the worker to get to know oneself better and discover the blind areas in development (those competences where there are greater differences).
- Evaluation by supervision.
- Evaluation by the internal client.
- Evaluation by collaborators: it will facilitate the improvement process as a manager.

The attitudinal evaluation is the tool that allows to favor the professional development of the employee. For each person, nine personal competencies are evaluated by the supervisor and, in some cases, the internal customers (identification with the company; motivation; achievement orientation; acceptance of change; creativity; business orientation; teamwork; management and regulatory and operational discipline), obtaining a final weighting that allows detecting areas of improvement

for each person during their individual assessment interview. This system will be integrated into Repol in the coming years.

UCE PERFORMANCE EVALUATION BY GROUPS (100% OF EMPLOYEES)

Group	0	1	2	3	4	5	6	7	55	Total
Men	8	117	90	63	36	35	12	11	1	373
Women		13	36	14	25	9	4	1		102
Total	8	130	126	77	61	44	16	12	1	475
Women (in %)	-	10%	29%	18%	41%	20%	25%	8%	-	21%

5.6. Universal accessibility for people with disabilities

UBE Corporation Europe facilities present an intrinsic complexity, common to other chemical manufacturing plants, due to the design and layout of the production units, which involve physical risks, which are cataloged and evaluated for each job position. Additionally, the access of personnel to the production and storage areas of chemical products requires special preventive measures depending on the case (individual protection equipment, previous atmospheric analysis, etc.) that are mandatory for safety reasons. For this reason, access for people with reduced mobility is permitted only to the R&D Center, where the departments of general management, administration, human resources and logistics are located, apart from those of R&D. This building is located in the part of the company's plot that is furthest from the production units and is equipped with an accessible ramp, elevator, parking and bathroom, welcoming people with reduced mobility. Repol has an accessible entrance in its office building.

5.7. Equality

5.7.1. Equality between men and women

UCE is governed, among others, by the corporate value of equity, which enshrines the maintenance of fair working conditions, based on non-discrimination and equal opportunities, recognizing and promoting the work of its professionals in any situation, and respecting equal treatment for all.

The **II Equality Plan of UBE Corporation Europe**, entered into force on May 6, 2021, and will apply until May 2025. In accordance with Royal Decree-Law 6/2019, Repol prepared and registered its own plan, that will be developed from March 2022 to March 2026. The rest of the subsidiary companies abroad are not subject to this requirement.

The measures established in UCE for the II Equality Plan are:

- Evaluate the channels for disseminating job offers and draw up an action protocol, trying to diversify as much as possible, in order to attract candidates of both sexes for all positions.
- Agreements with educational centers to promote traineeships for women in the company.
- Identification of the difficulties that women have to join promotion processes and define strategies to solve them.
- Development of Career Plans to correct the underrepresentation of women in the positions identified.

- Train and inform the staff on Equality.
- Update the information of the Equality Committee.
- Keep a record and a study of professional development, as well as the salary audit in accordance with RD 902/2020.
- Expand the classification indicators of the annual report.
- Promotion of telework.
- Promotion of time flexibility.
- Identification and implementation of specific prevention measures for women in job positions that require it.
- Implement an EFR system (Family Responsible Company).
- Training and information on sexual and/or gender-based harassment prevention measures.
- Awareness campaign and talks to disseminate real situations related to gender violence.
- Review the definition of jobs so that it is not sexist.
- Identify positions in which women are underrepresented.
- Promotion of hiring in underrepresented positions.

For its part, Repol's I Equality Plan will develop the following measures:

- Incorporation of non-sexist language in job offers.
- Creation of a selection protocol based on experience and training.
- Registration of selection processes with a non-discrimination approach.
- Dissemination of co-responsibility measures.
- Carrying out informative campaigns on co-responsibility.
- Create a registry and conduct the study of professional development.
- Create a non-discriminatory professional development protocol regulated by the principle of gender equality.
- Carrying out specific training for the members of the Equality Committee.
- Creation of a protocol for access to training based on the concept of gender equality.
- Development and implementation of health programs for women.
- Creation of a management protocol for sensitive people.
- Review and modification, where appropriate, of the possible sexist image of the company.
- Update of the communication procedure integrating a code of good practices in relation to sexist communication.
- Conducting an annual remuneration study to measure the level of equality.
- Creation of a remuneration protocol based on the concept of equality.
- Modification of the internal communication plan to avoid the invisibility of women and their underrepresentation.

5.7.2. Discrimination

[406.1]

The company favors equal development and opportunities for all people and does not admit any type of personal discrimination for any reason, as reflected in the Code of Ethics and Conduct, the Manual of Personnel Standards and the list of Prohibited Behaviors of the Compliance System. Possible infractions can be reported through the EC Line notification line. In financial year 2021 there have been no complaints for this concept.

6. HUMAN RIGHTS

6.1. Evaluation of Human Rights

[410.1 / 412.2 / 412.3]

The external security service of the UCE facilities in the El Serrallo industrial estate is shared with the company BP Oil Spain and is contracted with an external security company. This company is attached to the Spanish Network of the United Nations Global Compact and expresses its commitment to the 10 Principles of the Global Compact in the areas of Human Rights, Labor Standards, Environment and Fight against Corruption through a certificate of adhesion, as well as its own Human Rights Policy²⁷.

The UCE group does not directly make financial investments in securities, titles or participations that can be considered as financial assets, and applies preventive measures for operations that may be considered money laundering or that go against the limitations on dual-use technology or weapons export operations, items which are not included in the product portfolio.

UCE, as promoter of the pension plan FONDOUBE Pensiones, F.P. establishes, through the control commission, the inclusion of ESG (Environmental, Social and Governance) criteria and their integration in investment management, urging the managing entity to consider the socially responsible investment criteria for its investments, based on the principles of sustainable investment and transparency. To this end, the managing entity takes as its main reference the PRI criteria (Principles of Responsible Investment promoted by the United Nations, to which the managing entity adheres), as well as the following international declarations:

- The International Charter and Universal Declaration of Human Rights of the United Nations
- The ILO Declaration (International Labor Organization)
- The United Nations Guiding Principles on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises
- The United Nations Global Compact
- The United Nations Sustainable Development Goals

The last revision of the management mandate to the managing entity is dated April 20, 2020.

(²⁷) <https://www.prosegur.com/dam/jcr:ceff-dd58-b77d-432f-b986-0641d7dd3340/20201022%20-%20Pol%C3%ADtica%20de%20Derechos%20Humanos%20-%20vf.pdf>

7. ETHICS AND COMPLIANCE

[102.16/ 102.17/ 102.25/ 102.32/ 102.33/ 102.34/ 419.1/ 307.1]

Control mechanisms.

The generation of trust is considered the company's most important asset and its maintenance and development has led to progress in honest and responsible corporate behavior. The structure of the group's administrative body is legally configured as a **sole administrator**, a condition held by the company UBE Corporation, the sole shareholder of the company. For the adoption and execution of decisions, the company had during FY2021 one executive presidency, one vice-presidency, an executive committee, the heads of the external delegations and/or subsidiaries, and the staff units and functional areas.

In relation to the Ethics and Compliance function, the company has two **Compliance Officers**, a **Reporting Committee** (or Compliance Support Committee), and an Ethics and Corporate Responsibility Committee. The Code of Ethics and Conduct and the confidential channel, the Ethics and Compliance Line – EC Line, complete the system.

The **Code of Ethics and Conduct**, inspired by the so-called UBE Group *Action Guidelines*²⁸, established by UBE Corporation and the principles of the international *Responsible Care*²⁹ program, was reformulated in 2011, in accordance with the highest international standards on ethical conduct in companies. It is mandatory for all persons who have any type of contractual relationship with UBE Corporation Europe or its subsidiaries, including all staff and especially its managers and directors. It has versions in Spanish and English and is available to all staff on the group's internal website. Training and information is offered to the management team, who must sign their adherence and ensure compliance. It is based on the values of Responsibility, Integrity, Sustainability and Equity, which define the way the group understands corporate responsibility and its social commitment.

The **Ethics and Corporate Responsibility Committee (CERC)** at the headquarters of Castellon (Spain), has five members and has a double function: to promote and offer advice on issues related to the application of the Code of Ethics, as well as to receive, manage and respond to suggestions and complaints of irregularities received in relation to it or with respect the recognition of human rights, or with any fact that could be considered as a violation of the ethical standards of the company. These notices are received through the confidential channel *Ethics and Compliance Line - EC Line*.

In accordance with Spanish legislation, the **Compliance Officers** are in charge of the implementation, development, supervision and control of the UCE model for the prevention of criminal charges so that it operates effectively. They also ensure the correct execution, control, review and update of the prevention model. They are autonomous in their operation and organically report to the sole administrator. Additionally, they advise and inform the management bodies about compliance with

(²⁸) https://www.ube.es/wp-content/uploads/2021/01/UBE_Group_Action_Guidelines_esp.pdf

(²⁹) <https://www.feique.org/programa-responsible-care/>

current legislation in criminal matters and coordinate the establishment of appropriate internal audit, surveillance and control systems.

The **Compliance Officers** direct and coordinate internal investigations of queries or complaints related to compliance with legislation, or internal regulations, that may pose a legal risk and that arrive through the confidential communication channel Ethics and Compliance Line - EC Line, which is joint for both systems. The **Reporting Committee** is a collegiate body whose function is to provide advice and support to the Compliance Officers, both during the EC Line communications management process and in the implementation of subsequent measures and actions.

The **confidential channel (Ethics and Compliance Line - EC-Line)** is accessible via computer or mobile devices in Spanish and English and is hosted externally to the company. It is the tool that UBE Corporation Europe makes available to its collaborators to communicate risks or breaches of the Code of Ethics and Conduct, any other internal regulations or applicable legislation; as well as to raise any doubt or question regarding ethics or compliance that could be subject to clarification or improvement. This alert system guarantees both the caller's indemnity and the effectiveness of the notification. Its objective is to facilitate the participation of employees by developing the function of detecting possible irregularities in ethical behavior within the organization. The group's intranet includes the Code of Ethics and Conduct, the link to EC Line, the so-called *UBE Action Guidelines and the Catalog of Prohibited Conduct*, developed to prevent the company's criminal risks.

The framework for compliance with ethical standards and the prevention of criminal conduct is specified both through the Ethics and Compliance System, as well as through the rest of the procedures and protocols that make up the **Compliance Program**, the most important being those related to the Integrated Management System (organization and responsibilities; list of authorizations, purchases and contracts, disposition of funds, information security, etc.) the legal powers granted by the company, security management procedures or environmental management.

The integrated audit management procedure establishes the internal audit process to assess the strengths and weaknesses of the Integrated Management System. Its scope covers all the corporation's processes and refers to both first-party (internal) and second-party (customers and suppliers) and third-party (certification) audits. Finally, the Management System Review procedure by the top management guarantees compliance and continuous improvement of the system.

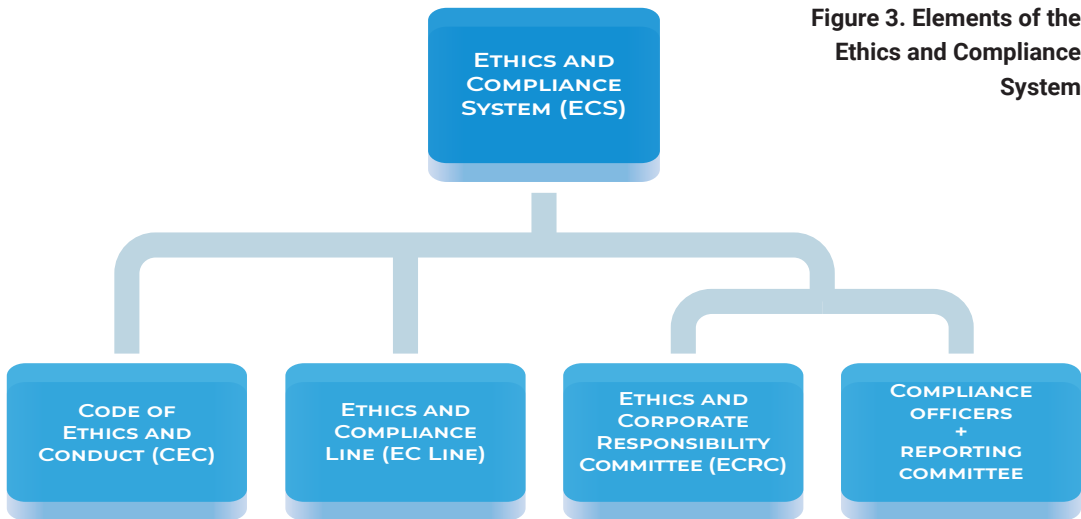
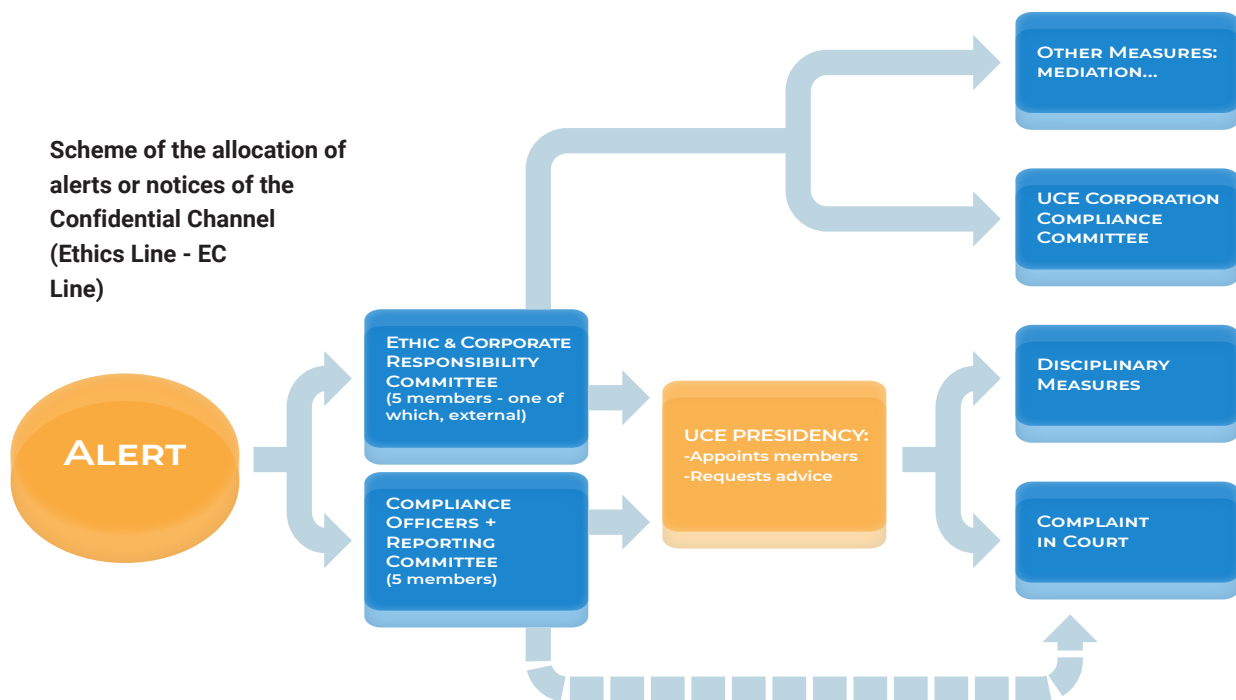


Figure 3. Elements of the Ethics and Compliance System

System operation.

Once the Compliance Officers and the Manager of the Ethics Committee receive a communication of non-compliance (through the EC Line or any other means), they will acknowledge receipt to the sending person and carry out a preliminary evaluation, either to send the communication to the compliance body (Compliance Officers) or to the Ethics and Corporate Responsibility Committee, which will manage it when no legal risk arises from it.

Once the notice has been admitted for processing, its investigation will begin, by one or another body, carrying out the necessary procedures and preparing a report of conclusions and a proposed resolution, all of this complying with the indicated deadlines, guaranteeing the confidentiality of any notification. and ensuring the indemnity of users.



During fiscal year 2021, **two communications** were received related to the Code of Ethics and Conduct. These were queries regarding the corporate value of Integrity, and the correct application of internal UCE regulations. For their part, the Compliance Officers managed **five communications**, regarding queries on internal control regulations, data protection and international sanctions. All these queries were resolved within the year and in no case did they involve serious legal or ethical breaches, or damage to third parties.

FY2021	CASES PENDING AT START FY	NEW CASES RECEIVED	CASES SOLVED	HIGHER SEVERITY	LOWER SEVERITY	TOTAL
Ethics	0	2	2	0	2	2
Compliance	1	4	5	0	5	5
Total	1	6	7	0	7	7

No complaint has been received regarding cases of discrimination according to the definition of the International Labor Organization (ILO), nor has any other situation of this nature been identified. No cases of conflict of interest have been detected.

No express breaches of social or economic legislation in its commercial and tax areas have been registered in FY 2021.

There have been no breaches of the applicable environmental legislation and regulations. The company has complied with all the requirements included in the Integrated Environmental Authorization in force for the complex located in the El Serrallo industrial estate.

7.1. Corruption and bribery

[205.1/ 205.2 / 205.3]

The Code of Ethics and Conduct of UBE Corporation Europe includes in point 4.2 the obligation of the company and its staff to comply with applicable laws and regulations, always observing transparency in transactions and opposing antisocial requests from groups, individuals or the organized crime, which could seek economic gain through “violence, fraud or coercion”. Likewise, it is prohibited to ask, accept, offer or give any kind of bribery, blackmail or other illegal or unethical benefit to employees representing the company or third parties, directly or indirectly.

The protection mechanisms in this regard include the Ethics and Compliance System, and the Compliance Program, with its corresponding elements, including the Compliance Manual, which is integrated into the UCE governance system in order to provide the company of an organization and control model that includes the appropriate surveillance and control measures to prevent the commission of crimes within the company, including those related to corruption or bribery. The prevention measures applied include, among others:

- Strict decision-making system
- List of Authorizations (including contracts and payments)
- Power of attorney system
- Purchasing and contracts procedure
- Procedure for purchasing raw materials
- Internal audit system
- Anti-corruption protocol (limits and declaration of gifts)

The group does not maintain commercial relations with individuals or public administrations, thus reducing the scope of risk control of commercial transactions.

UCE adequately fulfills its customs obligations and has passed inspections by the Tax Agency's Customs and Tax Control Unit in recent years without incident. In relation to illicit trade, the prevention measures in force prevent the possible performance of incorrect practices, such as the entry and exit of goods without paying the corresponding custom duties, merchandise dispatches without documentation, etc.

In relation to the risks derived from the illicit traffic of prohibited or fraudulently imported or exported goods, especially in the case of dual-use products, UCE applies the Guideline for Export Control Management of Overseas Group Companies directive of UBE Corporation, which covers international,

European and national legislations. Although UCE would not be bound by the Spanish regulatory framework for the prevention of money laundering and terrorist financing, it applies due diligence measures considered reasonable, through procedures known as KYC / AML (Know your customer and Anti Money Laundering), through an external information service. This database allows online consultation of the identification data of companies, their executives, shareholders and ultimate beneficiaries, and the verification of international sanctions lists, including those of the United Nations, the European Union, the Office of Foreign Assets Control (OFAC, USA) or the HMT (UK).

During fiscal year 2021, 125 investigations were carried out regarding clients and suppliers. Once the established controls had been carried out and the necessary documentary procedures were completed, all the transactions were carried out.

Staff considered at risk of exposure to situations of fraud, bribery or corruption receive training and advice within the scope of the Compliance Program, regarding the prevention of money laundering, illicit trade or financing of terrorism. The members of the management committee and the commercial teams of the subsidiaries receive specific training on compliance, corruption and bribery issues. New staff receive training on the UCE Code of Ethics and Conduct during the onboarding process.

7.2. Money laundering

No files have been reported during the year to Spain's Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offenses (SEPBLAC) nor have there been any reports of any kind in other instances related to illicit trade, money laundering or terrorist financing.

8. SOCIETY

8.1. Commitments to sustainable development and society

[103.1/ 103.2/ 103.3]

The UCE group makes an active effort of responsible citizenship in the different communities where it carries out its activities. As stated in its Code of Ethics, the company must be sensitive to social and environmental concerns and adequately respond to the concerns of stakeholders, while contributing to the development of the region in which it operates.

The range of products and services offered has the potential to provide benefits for society, being equally important to act in a socially and ethically responsible manner, through which the company can ensure its concern for the people who participate in the manufacture and support of its products or services, while improving productivity and minimizing its environmental impact on the community.

Although UCE is a global company, belonging in turn to a Japanese industrial group with an important multinational presence, the impact of its activity on the socio-economic and environmental dimensions mainly affects the immediate surroundings of the Castellon (Spain) headquarters and production plant: the city of Castellon and its province, the neighboring town of Almassora, and the Valencian Community.

This is due to the very nature of the environmental impact (emissions, effluents and solid waste); the visual impact of industrial facilities; to the condition related to the safety of the processes, products and raw materials; the economic boost in the region, by the selection of workforce and the purchase and contracting of services of all kinds (supplies, consulting services, prevention, maintenance, construction, research and development, engineering, etc.) or the positive impact of the social action in the community.

UCE regularly cooperates with the different representative groups of civil society through the development of activities with the educational community, the media, universities, citizen and business associations, etc. The company also encourages its staff to carry out individual civic and volunteer activities.

Likewise, it maintains a permanent dialogue with the authorities of the nearby municipal, provincial and regional administrations, in order to inform them in a transparent way, about the evolution of employment and business results, new investment projects, technical and environmental impact improvements, as well as to listen and respond to possible complaints from citizens or the legitimate interests of society, which the institutions can channel.

It is important that the UBE brand is always associated with respect for human rights, with fair and safe working conditions, and with a business practice that respects the environment, while favoring well-being and general and local socio-economic development and employment. The company's

training cycle (CFGS) in industrial chemistry in the province, offering 18 places. UCE collaborated in the design of the curriculum and the training of civil servant teachers and has continued to actively collaborate with this program that trains young professionals for jobs such as chemical plant operators and the like. In 2018, it donated a continuous distillation unit worth more than €16,000 and during the 2021-2022 academic year, UCE staff taught 24 hours of classes to students of industrial chemistry, and another 6, to students of the analysis and control training cycle, from the same school. Additionally, throughout their training, several of the students carry out their internships at both UCE and Repol, and in recent years a total of 9 graduates have become part of their staff (3 from the 2018-20 class, and 6 from 2019-21).

Significant indirect economic impacts

The application of UCE's safety policy and prevention measures contributes day by day to the development of a high-level industrial safety culture among regular contractor companies and their personnel, although this impact is difficult to quantify. The company carefully monitors the accident rate indicators of the contractor personnel.

8.1.3. Local communities

[413.1/ 413.2/ 415.1]

In developing its communication with society, UBE Corporation Europe maintains an active relationship of communication, exchange and cooperation with various social actors in the immediate environment, which are listed below. The company's principle is not to make any contribution to political parties or representatives.

Actions related to public administration

Castellon City Council:

- General dialogue as an investment company with foreign capital established in the city
- Participation in technical meetings with stakeholders to prepare the Castellon 2030 Urban Agenda (June 2021) and the Action Plan for Climate and Sustainable Energy for the city of Castellon (December 2021)

Almazora City Council:

- General dialogue
- Sponsorship of the entrepreneurship contest for local youth (February 2022)

Valencia Regional Government:

- Participation in the III Ecoforum Conference, promoted by the Department of Agriculture, Rural Development, Climate Emergency and Ecological Transition, with a presentation on decarbonization targets and circularity in manufacturing industry and the importance of chemistry as an element of the green transition (November 2021)
- Permanent dialogue with the Regional Government's Director General for Environmental Quality, and monitoring of possible environmental events in the surroundings of the El Serrallo industrial estate

Chamber of Commerce:

- Participation in the Commission of Internationalization.

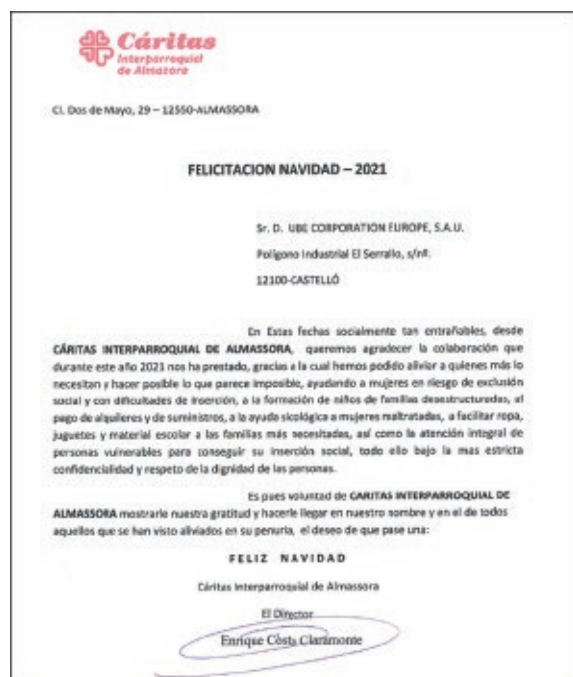
Port of Castellon:

- UCE is the concessionaire of a facility in the port to carry out loading, unloading and storage of chemical products. The company also collaborates with the Port Castello Foundation and is part of the jury of the Lighthouse Awards granted by the Port Authority.

Volunteer activities

The **Volunteer Promotion Group** is responsible for planning and promoting the collective volunteering activities that are proposed to the rest of the staff, in order to promote awareness of solidarity and collaboration with the third sector institutions of Castellon. During the year, the traditional blood donation campaign was organized, with the support of the Transfusion Center of the Valencian Community, and UCE volunteers dedicated 10 hours to prepare and give online workshops in collaboration with Caritas, Fundacion Secretariado Gitano and Fundacion Sindrome de Down, on prevention of occupational risks, preparation of job interviews, separation of waste at home, origami and Trello organization system.

8.1.4. Associations and sponsorships



Relationship with non-profit entities.

In fiscal year 2021, UBE made donations of more than €17,600 to social entities in Castellon to care for vulnerable groups and people at risk of social exclusion. Additionally, UCE staff made donations amounting to €610 to help refugees who had escaped the invasion of Ukraine and the company donated another €10,000 for the same purpose. The main recipient entities for these purposes were:

- **Food Bank of Castellon.** This institution helped almost 19,000 people with economic difficulties throughout the province, in collaboration with 90 organizations.
- **Red Cross.** It launched emergency actions from February 2022 to reinforce the refugee reception system due to the invasion of Ukraine:

- Expansion of service capacity at the Barajas and El Prat airports and first reception capacity in Barcelona and Madrid, fundamentally.
- Expand the temporary reception capacity in all provinces.
- Strengthening of comprehensive itineraries with the refugees.

• **Cáritas Diocesana de Segorbe-Castellon.** The contribution was used to help refugees and the Jovens Suport training program for young people.

Other entities apart from those mentioned, which also received aid during 2021 were Afanias, Patim, Teacast, Aspanion, Telefono de la Esperanza, Multiple Sclerosis Association, Spanish Association Against Cancer, Down Syndrome Foundation, Adecco Foundation, El CAU Center and Farm School El Rinconet, with a total amount of **€75,750**.

Sports clubs.

The company sponsored the following athletic clubs and events in the Castellon area, to promote sports activities in grassroots clubs and with children and youth: Club L'Illa Grau Voleibol, III BTT Mediterranean Epic, CD Almazora, C. Futbol Sala de Castellon, CD Sant Pere, Club Pilotari Almassora, V Travessia Platja Almassora; XXI Trofeo Luis Adsuara, Concurso de Saltos de Caballo Magdalena. The total amount was **€27,745**.

Academic and cultural entities and activities.

Universitat Jaume I (UJI)

In December, the **UBE Chair of Sustainable Plastics at the Universitat Jaume I of Castellon** was created to promote teaching, research, dissemination of knowledge and innovation in the polymer sector, especially with regard to the classification of plastics for recycling, biodegradability and circularity, challenges of recycling plastic materials, current legal framework and future perspective of recycling plastics, etc. The company also participates in the university's Internationalization Commission and sponsors the UJI World program of international scholarships, the Master's Degree in Industrial Process Management, and the Fundacion Universidad Jaume I – Empresa. The contributions for all these concepts in 2021 amounted to €43,650.



The UJI also represents a source of knowledge and talent for the company, and the company represents an important job and training opportunity. In the last six years, about 40 graduates from the UJI have been incorporated in various areas and the company actively participates in the curricular and extracurricular internship program.

Cultural promotion

In the field of cultural promotion, UCE sponsored with €5,250 euros the contemporary art fair Marte Castellon, the "Kimono, from Tradition to Fashion" exhibition, organized by the Higher Silk Art College of Valencia and the 1st Industrial Safety Awards, promoted by the Valencian Association of Inspection Entities, Aseival.

Castellon CSR Forum

UCE is an active member of the Castellon CSR Forum, made up of about 50 companies and ONGs in the province for the promotion of Corporate Social Responsibility. This collaboration links with the principles and practices of the Responsible Care³⁰ program for a responsible company and with the founding philosophy of UBE Corporation of “coexistence and mutual prosperity with communities”.

8.2. Subcontracting and suppliers

[204.1 / 414.1 / 414.2 / 308.1 / 308.2]

8.2.1. Purchasing, suppliers and contractors

In application of the management system, all suppliers identified as relevant or critical in UCE are evaluated, considering criteria included in the following categories: quality, corporate social responsibility, health and hygiene and the environment. All suppliers that are considered critical or relevant to the activity are evaluated. (Percentage of UCE national and provincial suppliers)

SPENDING ON
LOCAL SUPPLIERS (%)

	FY2020	FY2021
National	50.7%	47.3%
Provincial	10.4%	6.3%

Repol has incorporated the selection, evaluation and control of suppliers into its management system, establishing guidelines to guarantee that the products purchased are in accordance with the specific requirements. During the last fiscal year, Spanish suppliers accounted for 70% of its total purchases and provincial ones, 14%.

8.3. Consumers

[416.1 / 416.2 / 417.1 / 417.2 / 417.3 / 418.1]

8.3.1. Health and safety



The company does not sell directly to the consumer, although part of its products is incorporated into manufacturing processes for industrial and consumer products. Nylon or polyamide is the main product of the company and has two fundamental applications: food packaging and automotive components. At the end of the year, there were no open cases of non-compliance with regulations related to consumer protection. The related regulatory norms that are susceptible of non-compliance (generic or related to the material applications) are monitored continuously. The last self-evaluation of the product stewardship chapter according to the Responsible Care initiative reached 95 points out of 100 and is still in force until 2023.

Faced with the hypothetical detection of a product that could pose a risk to the end user, and be unsuitable for consumption or be out of specification, the “recall” or withdrawal procedure, estab-

(³⁰) <https://www.feique.org/programa-responsible-care/>

lished in the management system, would be activated. Throughout 2021, no product incident leading to the start of this type of process, has been received at UCE or Repol. There have been no reports related to food or automobile safety, the company's main markets, either. The company has carried out a simulation of product withdrawal with satisfactory results.

As indicated in point 2.5, UCE carries out a **product stewardship** function to ensure that manufactured products are suitable for their corresponding use, always complying with the necessary requirements to safeguard the safety and health of end consumers and people involved in its transformation, handling or transport. This product stewardship is carried out through the study, analysis and registration of substances before the ECHA (European Agency for Chemical Substances and Mixtures) or the adaptation to the CLP regulation (Classification, Labeling and Packaging of Dangerous Substances and Mixtures) as well as other registries and equivalent regulations for markets outside the European Union.

The voluntary project promoted by CEFIC (European Chemical Industry Council) to update **REACH registration dossiers** before the ECHA (European Chemical Substances and Mixtures Agency), in which UCE is acting as leader of the registration process, has completed 4 registrations, with a forecast of 2 more, that will be re-evaluated in the period 2020-2026.

The goods produced are labeled according to their hazard classification, and in the case of fertilizers, by their application. The company automatically informs each client of the Safety Data Sheets corresponding to their merchandise. This information can be provided upon request through the usual contacts in the business units or through the contact mailbox on the web.

There have been no breaches during the 2021 fiscal year of applicable regulations or regulations regarding marketing communications, advertising, promotion or sponsorships.

8.3.2. Complaints and claims

[418.1]

Customer incidents are collected through the different business units, reaching the Quality Assurance department, which is in charge of coordinating the investigation of the causes with the different departments involved, and the establishment of immediate contingency and / or corrective actions.

All incidents received from customers are analyzed in a similar way, if it is concluded that UBE Corporation Europe cannot be held responsible for the incident, it is classified as a "complaint" (or "**not claim**"). When the incident is the responsibility of the company, it is classified as a "**claim**". According to the claims procedure of the management system, claims are received, recorded and managed until they are resolved and closed. In April 2022, one month after the close of fiscal year 2021, UCE had closed 100%. Repol manages complaints and claims through a complaints procedure and in April 2022, it had closed 94% of the incidents received. No claims have been received regarding loss of private customer data.

8.4. Tax information. Taxation. Management, governance and control approach. External evaluation. Information by countries.

[207.1 / 207.2 / 207.3 / 207.4]

The tax policy is based on strict compliance with all tax obligations to which the organization is subject, without using aggressive fiscal structures. The deadlines for the presentation and correct payment of taxes must be met, and all UCE group companies must respond adequately, transparently and completely to the requirements received from the tax administration. The objective is to contribute to the public budget based on the economic capacity of the company, being the administration a qualified collaborator in the provision of infrastructure services, public services, health, education, training, or protection. The management of taxation is done by the Finance, Legal & Planning unit and the tax approach is integrated with the accounting of the organization, the business units and the R&D unit.

R&D projects are documented and certified, obtaining a binding official reasoned report that supports the corresponding tax deductions. There is an authorization for the inward processing customs scheme. The organization is covered by the import VAT deferral regime established by the tax administration, and the monthly VAT refund. UCE prepares a transfer pricing report for each of the closed fiscal years, ensuring correct tax payment in each country of implementation.

The tax management approach is evaluated by quantifying the number of requirements of the tax administration in an annual period, weighted by the amount in euros claimed. Based on this indicator, the need to review or not the current management approach is studied. The results of the evaluation for fiscal year 2021 have been acceptable, and it is not necessary to modify the approach. Likewise, the records of the inspections received are analyzed to improve compliance with tax legislation.

Tax risks are identified by analyzing each of the taxes to which the organization is subject, the most important being: corporate tax, VAT, Economic Activities Tax (IAE), real estate tax (IBI), special taxes on electricity, transfer prices, tariffs and special environmental taxes.

Notifications about any concern related to unethical or illegal conduct in relation to taxation can be made through the internal complaints channel EC-Line. No notice has been received in the fiscal year. The external financial audit verifies compliance with the organization's tax regulations.

The natural person representative of the sole administrator establishes the main lines of tax policy, although they may be conditioned by the tax policy and the dividend payment strategy of the parent company in Japan.

The Spanish Tax Administration Agency and the Valencian Tax Agency manage the application of taxes in their respective areas of competency, the regulatory changes depend on the legislative action of the state and regional governments, with their corresponding participation and consultation regime. The company monitors regulatory changes or the creation of new taxes, channeling any action through the business organizations to which it belongs and whose dialogue is recognized by the administrations.

The presentation of country-by-country reports in accordance with indicator 407.4 and the applicable Spanish regulations do not apply, as UBE Corporation Europe is part of another parent entity (UBE Corporation) in accordance with articles 13 and 14 of the Corporate Income Tax Regulation Royal Decree 634 / 2015, of July 10.

8.4.1. Profits

INCOME, PROFITS AND DIVIDENDS	SPAIN		GERMANY		BRAZIL		MEXICO	
(th. €)	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021
Consolidated income	380,645	543,767	-	-	-	-	-	-
Revenue (Turnover)	325,547	471,231	58,381	78,240	817	963	812	586
Profits obtained (Profit after tax)	14,728	33,672	930	1,440	66	99	-	12
Dividends	376	744	-	-	-	-	-	-

8.4.2. Taxes and subsidies

INCOME, TAXES AND SUBSIDIES	SPAIN		GERMANY		BRAZIL		MEXICO	
(th. €)	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021
Revenue (Turnover)	325,547	471,231	58,381	78,240	817	963	812	586
Tax on profits	4,331	10,636	453	663	53	60	19	6
Capital subsidies charged to results	805	17	-	-	-	-	-	-
Operating subsidies recognised as income	975	1,721	-	-	-	-	-	-
Credits/ tax deductions applied to results	617	725	-	-	-	-	-	-
Financial incentives applied to results	2,397	2,463	-	-	-	-	-	-

9. OTHER RELEVANT INFORMATION

9.1. Free competition

[206.1]

The Compliance Program and the Ethics System advocate the maintenance of free competition. Any meeting with direct competitors must be previously authorized based on the proposed agenda, and any exchange of information or comments that may serve to establish market sharing or price setting agreements are prohibited. At the beginning of the meetings organized by business associations, the prohibition of speaking on matters that may allow or suggest a limiting effect of free competition is systematically recalled.

The group has not been involved in any legal action related to practices that restrict free competition.



ANNEX 1: About this report

[102.48/ 102.49/ 102.50/ 102.51/ 102.52/ 102.53/ 102.54/ 102.56]

This Statement of Non-Financial Information of UBE Corporation Europe (UCE) responds to Law 11/2018, of December 28, which urges companies to present a report that responds to Directive 2014/95 / EU, which requests the disclosure of non-financial information, especially in social and environmental matters.

It has been prepared in accordance with the Exhaustive option of the GRI Standards, in order to report detailed and accurate information, beyond the legislative requirements on the social, environmental and economic impacts of UBE Corporation Europe.

The document reflects the non-financial information data referring to fiscal year 2021, which comprises from April 1, 2021 to March 31, 2022(FY2021). The reason for taking this fiscal year reference is because UCE is part of the UBE Corporation group, which works on the basis of those fiscal years.

The presentation cycle for this report is annual, this being the fourth year in which UCE publishes a document of these characteristics. Since fiscal year 2019 the international methodology for preparing social responsibility reports of the Global Reporting Initiative (GRI) has been applied. The above reports are available in the download section of the company's website³¹, and there have been no changes to them.

The geographical coverage of this document includes Europe and Latin America through delegations and offices in Castellon and Almassora (Spain), Düsseldorf (Germany), Sao Paulo (Brazil) and Mexico City (Mexico).

This report has an external review and verification of the contents carried out by LRQA España S.L.U. according to the corresponding verification statement.

For any questions regarding this document, you can contact Pablo Cruz Orozco (p.cruz@ube.com; UBE Corporation Europe. Telephone +34 964738000)



(³¹) <https://ube.es/es/descargas/>

ANNEX 2: GRI Table of contents. Correspondence with the SDGs

[102.55]

Report section	GRI 102 General Disclosures	GRI 103 Management Approach	GRI 200 Economic	GRI 300 Environmental	GRI 400 Social	Sustainable Development Goals
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2.-Introduction						
2.1 Business environment	102.1/102.3 102.4/102.5 102.7/102.8 102.45		201.1 201.4			ODS 8 ODS 9
2.2 Organization and structure of the company	102.18/102.19 102.20/102.22 102.23/102.24 102.26/102.27 102.28				405.1	
2.3 Business model, markets and products	102.2/102.6 102.9/102.10					ODS 12
2.4 Objectives and strategies	102.16					ODS 9 ODS 13
2.5 Main factors and trends that may affect future developments	102.11/102.12 102.13/102.30					
3.-Materiality matrix	102.21/102.29 102.31/102.40 102.42/102.43 102.44/102.46 102.47	103.1				
4.-Environment		103.1/103.2 103.3	201.2	307.1		ODS 7 ODS 8
4.1 Climate Change			201.2	305.1/305.2 305.3/305.4 305.5		ODS 13
4.2 Circular Economy 4.2.1 Waste 4.2.2 Food waste				306.2/306.4 306.1/306.3 306.5		ODS 3 ODS 11 ODS 12
4.3 Pollution 4.3.1 Atmospheric emissions 4.3.2 Noise emissions 4.3.3 Light emission 4.3.4 Other pollution				305.7 303.1/303.2 303.4		ODS3 ODS 11 ODS 12

Report section	GRI 102 General Disclosures	GRI 103 Management Approach	GRI 200 Economic	GRI 300 Environmental	GRI 400 Social	Sustainable Development Goals
4.4 Sustainable use of resources 4.4.1 Water consumption 4.4.2 Water supply 4.4.3 Consumption of raw materials 4.4.4 Energy consumption 4.4.5 Chemical substances				303.3/303.5 302.1/302.2 302.3		ODS 6 ODS 12 ODS 3 ODS 12 ODS 14 ODS 15
4.5 Protection of biodiversity				304.1/304.2 304.3/304.4		ODS 14 ODS 15
5.-Labour and social issues		103.1/103.2 /103.3				ODS 8
5.1 Safety and health 5.1.1 Safety and health at work 5.1.2 Work accidents 5.1.3 Occupational diseases. Health promotion.					403.1/403.2 403.4/403.8 403.3/403.5 403.7 403.9/403.10 403.6	ODS 3 ODS 8
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5.5 Training					404.1/404.2 404.3	
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Report section	GRI 102 General Disclosures	GRI 103 Management Approach	GRI 200 Economic	GRI 300 Environmental	GRI 400 Social	Sustainable Development Goals
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8.1 Commitments to sustainable development and society 8.1.1 Employment & local development 8.1.2 Local populations and territory 8.1.3 Local communities 8.1.4 Associations and sponsorships			203.1 / 203.2		413.1/413.2 415.1	ODS 6
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ANNEX 3: GRI Content index

[102.55]

For the preparation of this report, the GRI Standards (2016) have been used, incorporating the following updates: GRI 306: Waste 2020; GRI 403: Health and safety at work (2018); and GRI 207: Taxation (2019).

Universal Standards

GRI STANDARD	SECTION / DIRECT RESPONSE
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102.40	3 Materiality matrix
102.41	5.2.2 Collective agreements
102.42	3 Materiality matrix
102.43	
102.44	
102.45	2.1 Business environment
102.46	3 Materiality matrix
102.47	
102.48	
102.49	Annex 1: About this report
102.50	
102.51	
102.52	
102.53	
102.54	
102.55	Annex 2 / Annex 3
102.56	Annex 1: About this report
103 Management Approach	3 Materiality matrix 4 Environment 5 Labour and social issues

Economics 200

201 Economic performance	
GRI INDICATOR	SECTION / DIRECT RESPONSE
201.1 Direct economic value generated and distributed	2.1 Business environment
201.2 Financial implications and other risks and opportunities arising from climate change	4 Environment
201.3 Obligations of the defined benefit plan and other retirement plans	5.2.2 Collective agreements. Pension plans.
201.4 Financial assistance received from the government	2.1 Business environment
202 Market presence	
202.1 Ratio of standard entry level salary by gender compared to local minimum wage	5.3.4 Remunerations
202.2 Proportion of senior executives recruited from the local community	5.3.1 Employees
203 Indirect economic impacts (2016)	
203.1 Investments in infrastructure and supported services	8.1.2 Local populations and territory
203.2 Significant indirect economic impacts	
204 Procurement practices	
204.1 Proportion of spending on local suppliers	8.2.1 Purchasing, suppliers and contractors
205 Anti-Corruption	
205.1 Operations assessed for corruption-related risks	7.1 Corruption and bribery
205.2 Communication and training on anti-corruption policies and procedures	
205.3 Confirmed cases of corruption and measures taken	
206 Unfair competition	
206.1 Legal actions relating to unfair competition and monopolistic and anti-competitive practices	9.1 Free competition
207 Tax (2019)	
207.1 Approach to tax	8.4 Tax information
207.2 Tax governance, control, and risk management	
207.3 Stakeholder engagement and management of concerns related to tax	
207.4 Country-by-country reporting	
	Does not apply in accordance with articles 13 and 14 of the Corporate Income Tax Regulation Royal Decree 634/2015 (8.4)

ENVIRONMENTAL 300

301 Materials	
INDICATOR	SECTION/ DIRECT RESPONSE
301.1 Materials used by weight or volume	<u>Not available</u> due to confidentiality concerns. It is not broken down in application of the information security policy. It would mean revealing technical performance of the plant.
301.2 Recycled inputs	<u>Not available.</u> The % of recycled inputs over total is not an indicator included in the UCE management system.
301.3 Reused products and packaging materials	<u>Not available.</u> There are no statistics on recycled packaging in the UCE management system
302 Energy	
302.1 Energy consumption within the organisation	4.4.4 Energy consumption
302.2 Energy consumption outside the organisation	
302.3 Energy intensity	
302.4 Reduction of energy consumption	
302.5 Reduction of energy requirements for products and services	<u>Not available.</u> It is pending of the product life-cycle analysis, and carbon footprint study (Scope 3) which is in course of study
303 Water and effluents	
303.1 Interaction with water as a shared resource	4.3.4 Other pollution. Emissions to water
303.2 Management of impacts related to water discharges	
303.3 Water extraction	4.4.1 Water consumption 4.4.2 Water supply
303.4 Water discharges	4.3.4 Other pollution. Emissions to water
303.5 Water consumption	4.4.1 Water consumption 4.4.2 Water supply
304 Biodiversity	
304.1 Centres located in or near protected areas or areas of high biodiversity value	4.5 Protection of biodiversity
304.2 Significant impacts of activities, products and services on biodiversity	
304.3 Protected or restored habitats	
304.4 Species found in areas affected by operations	

305 Emissions	
305.1 Direct GHG emissions	4.1 Climate change
305.2 Indirect GHG emissions from power generation	
305.3 Other indirect GHG emissions	
305.4 GHG emission intensity	
305.5 Reduction of GHG emissions	
305.6 Emissions of ozone-depleting substances (ODS)	Not available
305.7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	4.3.1 Atmospheric emissions
306 Waste (2020)	
306.1 Waste generation and significant waste-related impacts	4.2.1 Waste
306.2 Management of significant waste-related impacts	4.2 Circular Economy
306.3 Waste generated	4.2.1 Waste
306.4 Waste diverted from disposal	4.2.1 Circular Economy
306.5 Waste directed to disposal	4.2.1 Waste
307 Environmental Compliance	
307.1 Non-compliance with environmental laws and regulations	4 Environment 7 Ethics and Compliance
308 Environmental assessment of suppliers	
308.1 New suppliers that have passed assessment and selection filters according to environmental criteria	8.2 Subcontracting and suppliers 8.2.1 Purchasing, suppliers and contractors
308.2 Negative environmental impacts in the supply chain and measures taken	

SOCIAL 400

401 Employment	
INDICATOR	SECTION / DIRECT RESPONSE
401.1 New recruitment and staff rotation	5.3.1. Employees 5.3.2 Contract modalities 5.3.3 New hires and layoffs
401.2 Benefits for full-time employees not given to part-time or temporary employees	5.2.2 Collective agreements
401.3 Parental leave	5.4.3 Conciliation

402 Worker – employer relations	
402.1 Minimum notice periods for operational changes	5.3.1 Employees
403 Occupational health and safety (2018)	
403.1 Occupational health and safety management system	5.1 Safety and health 5.1.1 Safety and health at work
403.2 Hazard identification, risk assessment and incident investigation	
403.3 Occupational health services	
403.4 Workers' participation, consultation and communication on occupational health and safety	
403.5 Occupational health and safety training for workers	
403.6 Promoting workers' health	5.1.3 Occupational diseases. Health promotion
403.7 Prevention and mitigation of impacts on workers' health and safety	5.1.1 Safety and health at work
403.8 Workers covered by an occupational health and safety management system	5.1 Safety and health 5.3 Labour. External staff
403.9 Occupational injury	5.1.2 Work accidents 5.1.3 Occupational diseases. Health promotion
403.10 Occupational illnesses and diseases	
404 Training and education	
404.1 Average hours of training per year per employee	5.5. Training
404.2 Employee skill enhancement and transition assistance programmes	
404.3 Percentage of employees receiving regular performance and career development reviews	
405 Diversity and equal opportunities	
405.1 Diversity in governing bodies and employees	2.2 Organization and structure 5.3.1 Employees
405.2 Ratio of basic salary and remuneration of women to men	5.3.4 Remuneration
406 Non- discrimination	
406.1 Cases of discrimination and remedial action taken	5.7.2 Discrimination
407 Freedom of association and collective bargaining	
407.1 Operations and suppliers whose right to freedom of association and collective bargaining may be at risk	5.2.1 Social dialogue 5.2.2 Collective agreements

408 Child labour	
408.1 Operations and suppliers with significant risk of child labour	<u>It does not apply</u> as the regulations of Spain and the EU are in force in the workplace
409 Forced or compulsory labour	
409.1 Operations and suppliers with significant risk of forced or compulsory labour	<u>It does not apply</u> as the regulations of Spain and the EU are in force in the workplace
410 Security Practices	
410.1 Security personnel trained in human rights policies or procedures	6.1 Evaluation of Human Rights
411 Rights of indigenous peoples	
411.1 Cases of violations of the rights of indigenous peoples	<u>It does not apply</u> as the regulations of Spain and the EU are in force in the workplace
412 Human rights assessment	
412.1 Operations subject to human rights reviews or impact assessments	<u>It does not apply</u> as the regulations of Spain and the EU are in force in the workplace
412.2 Employee training on human rights policies or procedures	6.1 Evaluation of Human Rights
412.3 Significant investment agreements and contracts with human rights clauses or subject to human rights assessment	
413 Local Communities	
413.1 Operations with local community participation, impact assessments and development programmes	8.1.3 Local communities
413.2 Operations with significant negative impacts -real and potential- on local communities	
414 Social assessment of suppliers	
414.1 New suppliers that have passed selection filters according to social criteria	8.2.1 Purchasing, suppliers and contractors
414.2 Negative social impacts on the supply chain and measures taken	
415 Public policy	
415.1 Contributions to parties and/or political representatives	8.1.3 Local community

416 Customer Health and Safety	
416.1 Assessment of health and safety impacts of product or service categories	8.3 Consumers 8.3.1 Health and safety
416.2 Cases of non-compliance relating to the health and safety impacts of product and service categories	
417 Marketing and labelling	
417.1 Requirements for information and labelling of products and services	8.3 Consumers 8.3.1 Health and safety
417.2 Cases of non-compliance related to product and service information and labelling	
417.3 Cases of non-compliance related to marketing communications	
418 Customer Privacy	
418.1 Substantiated claims regarding violations of customer privacy and loss of customer data	8.3.2 Complaints and claims
419 Socio-economic compliance	
419.1 Non-compliance with laws and regulations in social and economic fields	7 Ethics and Compliance

ANNEX 4: Description of professional groups

Group I Specialists and operators.

This professional group includes personnel trained to carry out job tasks that may require a greater or lesser degree of autonomy and initiative and that, under supervision, may involve responsibility for them. The training required is Secondary Education or Intermediate Level Training (Second Level Vocational Training) or equivalent knowledge acquired in the performance of the equivalent job.

Level 1 (UCE) Groups 1-2 (Repol)	These are positions that perform technical and/or routine administrative tasks
Level 2 (UCE) Groups 3-4 (Repol)	These are positions that carry out specific technical and/or very methodical administrative activities.

Group II Managers and Operating Technicians.

This professional group includes those employees trained to carry out functions that involve the integration, coordination and supervision of tasks with similar content carried out by a group of collaborators and tasks that have a content of intellectual activity and/or of average human interrelationship within a framework of methodical instructions involving autonomy within the process. The training required for this group is Medium Technician, Higher Level Training Cycle (Vocational Training) or equivalent professional experience.

Level 3 (UCE) Group 5 (Repol)	These are jobs that carry out duties that involve the integration and supervision of tasks with homogeneous content carried out by a group of collaborators
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Group III Technicians.

It includes personnel trained to carry out functions that involve the integration, coordination and supervision of various tasks in the same functional unit, carried out by a group of collaborators. It also includes personnel trained for functions involving the performance of complex and heterogeneous technical tasks, with defined overall objectives and a high degree of demand for autonomy, initiative and responsibility. The training required in this case is a degree or knowledge acquired in the course of their profession equivalent to higher university studies and/or resource with sufficient experience.

Level 4 (UCE) Group 6 (Repol)	These are positions that carry out technical activities within a process, acting with autonomy and being able to have a certain level of supervision over activities carried out by third parties.
Level 5 (UCE) Group 7 (Repol)	These are positions responsible for programming and managing a partial function with a medium/low level of development, which results contribute to the overall ones of an area.
Level 6 (UCE) Group 8 (Repol)	These are positions responsible for programming and managing a highly developed partial function, the results of which are important for those of a business line or support area.
Level 7 (UCE) Group 0 (Repol)	It is a management position, which covers different functional areas and involves participation in the company's Management Committee and Strategy Committees.

DECLARACIÓN DE VERIFICACIÓN DEL ESTADO DE INFORMACIÓN NO FINANCIERA UBE CORPORATION EUROPE Y SOCIEDADES DEPENDIENTES 2021

Términos del Contrato

LRQA España (en adelante LRQA) ha sido contratada por UBE Corporation Europe, S.A.U. (en adelante UCE) para verificar su Estado de Informe de Información no financiera 2021 (en adelante el Informe), correspondiente a su ejercicio finalizado el 31 de marzo de 2022, con el objetivo de dar cumplimiento a lo establecido en la Ley 11/2018, de 28 de diciembre, por la que se modifica el Código de Comercio, el texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de fecha 2 de julio y la Ley 22/2015, de 20 de julio de Auditoría de Cuentas en materia de información no financiera y diversidad y aplicable a UCE y sociedades participadas que forma parte del Informe consolidado del Grupo. Las sociedades incluidas y sus actividades se describen en el Capítulo 2.1 del Informe.

Esta declaración de verificación ha sido preparada para el grupo de UBE Corporation Europe.

Criterios

Este Informe se ha preparado de acuerdo y teniendo en cuenta:

- Los requisitos incluidos en la Ley 11/2018
- La guía para la elaboración de memorias de sostenibilidad del Global Reporting Initiative (estándares GRI)
- Norma ISO 17029

Responsabilidades y procedimiento seguido

La formulación del Informe, así como el contenido de éste es responsabilidad del Administrador de UCE, quien también es responsable de definir y mantener los sistemas de gestión y control interno de los que se obtiene la información para asegurar que el Informe esté libre de incorrección material debida a fraude o error. Nuestra responsabilidad es emitir una declaración de verificación independiente basado en los procedimientos aplicados en nuestra revisión.

UCE preparó el Informe que fue verificado en su redacción final de fecha 28 de mayo de 2022; dicho Informe incluye información y datos sobre las cuestiones ambientales, sociales, relativas al personal, incluyendo su seguridad y salud, derechos humanos, incluyendo diversidad e igualdad de oportunidades, lucha contra la corrupción y soborno y desempeño social externo.

Nuestro trabajo de revisión ha consistido en la formulación de preguntas a la Dirección, y responsables de diferentes Áreas que han participado en la elaboración del Informe y en la aplicación de ciertos procedimientos analíticos y pruebas de revisión por muestreo que se describen a continuación:

- Entrevistas con los responsables de la elaboración del Informe con objeto de obtener un conocimiento sobre cómo los objetivos y políticas son considerados, implementados o integrados en la estrategia global de UCE.
- Análisis de los procesos para recopilar y validar la información contenida en el Informe adjunto.
- Revisión de la adecuación de la estructura y contenido del Informe a la Ley 11/2018 y GRI.
- Comprobación mediante pruebas de revisión en base a selecciones muestrales de la información cualitativa y cuantitativa de los indicadores y sus fuentes de información. Las pruebas se han definido para un nivel de aseguramiento limitado.
- Contraste de que la información financiera incluida en el Informe ha sido validada por un tercero independiente.

Estos procedimientos han sido aplicados para el alcance definido en el punto 2.1 del Informe para los parámetros (información y datos) requeridos para la Ley 11/2018 y teniendo en cuenta los indicadores GRI.

Conclusiones

Como resultado de nuestra revisión no se ha puesto de manifiesto ningún aspecto que nos haga creer que la información incluida en el Informe no haya sido preparada en todos los aspectos significativos de acuerdo con la Ley 11/2020, incluyendo la fiabilidad de los datos, la adecuación de la información presentada y la ausencia de desviaciones y omisiones significativas.

Fecha: 8 junio 2022

Firmado:



Olga Rivas Castillón
LRQA España, S.L.U.