



Building together

Sustainability Report

2022 Financial Year Update



Presentation, Structure and Scope



PRESENTATION

The Sustainable Development Goals (SDGs) are an essential part of the 2030 Agenda. They provide a coherent, holistic and integrated frame of reference for tackling the challenges of sustainability, which is why Danosa has chosen an SDG-based corporate social responsibility management model to proactively participate in sustainable development.

This Sustainability Report aims to outline Danosa's performance with regards to the Sustainable Development Goals. It is not intended merely to present the results, but to provide an open dialogue with our stakeholders and society in general regarding our impacts, practices, strategies and challenges. It also seeks to promote awareness and continuous improvement within our organisation and area of influence.

INTRODUCTION

2022 was an intense and challenging year, mainly characterised by:

- The economic and geopolitical consequences of the war in Ukraine, which in turn plunged Europe into a major energy crisis.
- Inflation stemming from the raw material supply chain crisis, which began at the end of 2021 and was exacerbated by the energy crisis.

These rising energy and raw material prices seriously disrupted markets and severely damaged businesses, causing them to shift their focus from matters such as sustainability to prioritise survival instead. Sustainable development trends and synergies from previous years were derailed, or at least delayed by the situation, which not only affected companies but society as a whole, both in Spain and worldwide.

Despite all this, Danosa ended 2022 with an acceptable company performance, albeit not as good as in previous years (even worse than at the height of COVID in 2020). Turnover grew due to inflation, but production dropped and profit margins shrank, which refocused the attention of practically the entire organisation.

Nevertheless, the crisis helped to boost Danosa's energy transition, as well as the renovation business. It also helped to lay the groundwork for a new drive in the growth and knowledge of people, with two major challenges for Danosa directly related to the social pillar of sustainability in 2023: the DANOKAN and *Queremos_Conocerte+* (Know You Better) projects.

SCOPE

The DANOSA Group began as one company (DERIVADOS ASFÁLTICOS NORMALIZADOS, S.A.). The commercial side of the business has grown as we have opened sales offices in different parts of Spain and created trading companies in other countries. Meanwhile, the industrial side of the business has grown as we have gradually acquired production plants in Spain and Portugal. Irrespective of corporate matters, the DANOSA Group is currently structured and managed as follows:

- Head offices, where we manage all the Group's activities. These are located at the Fontanar site, with additional offices in Alcobendas.
- Five national sales offices (two in Madrid, plus one in Barcelona, Valencia and Seville, respectively) and six international trading companies (in France, Portugal, United Kingdom, Morocco, Colombia and Senegal).
- The Group's main factory at the Fontanar site, which accounts for approximately 90% of all industrial output.
- A recycling plant in Fontanar and another in Portugal.
- A small technical mortar production plant in Granada.
- An XPS plant in Portugal, which manufactures approximately one-third of all extruded polystyrene.

This report generically refers to sustainability management for the head offices, all commercial activity, and the main factory in Fontanar. The other factories (both recycling plants, plus the plants in Granada and Portugal) are expressly excluded for now.

With regards to origin and vocation, activity is managed by business area, by market and by manufacturing line, regardless of its location or the Group company to which it belongs. Therefore, we will sometimes mention data or references at Group or site level in this document, even if they are not aligned with the scope. We believe that this will help to achieve a greater and better understanding, both of our activity and of our sustainability management at DANOSA.

In any case, this report is a first step; future editions will formally incorporate the Group's other sites so that all of us at DANOSA can share and work towards sustainable development.

We plan to update and publish the Danosa Sustainability Report annually, at the end of the financial year. This document summarises sustainability management at DANOSA during the 2022 financial year, and the progress made compared to the previous year (2021).

CEO STATEMENT ON SUSTAINABILITY

“Danosa is fully aware that sustainability is a major responsibility, accounting for the most significant risks, challenges and opportunities for society and, therefore, for companies in the coming years.

Businesses are being called upon to become agents and drivers of economic and social change to create a new resilient and sustainable context for development. This change is essential in order to build prosperous businesses in stable environments. The immediate future of companies will involve seeking and promoting social and environmental value coupled with the economic value of their products and services. In short, we believe that sustainability is a vital new source of value creation for people and for society in general.

Sustainability has been firmly rooted in our values and vision for some time now, but to make this new approach a reality, we are going a step further by aligning our business and management with the Sustainable Development Goals (SDGs), as set out in our SUSTAINABILITY POLICY.

We believe in sustainable development, and we want to contribute with two strategies that are at the very core of our business:

- Improving our energy efficiency: we are switching to renewable energy within the business and providing energy-saving solutions in construction.
- Promoting a circular economy: we are using and producing more and more recycled materials, thus recovering waste and reducing the consumption of natural resources.

We believe that sustainability, that major universal challenge, must be tackled at different levels: individually, on a business level, and by working together.”



MANUEL DEL RÍO
CEO

STRUCTURE

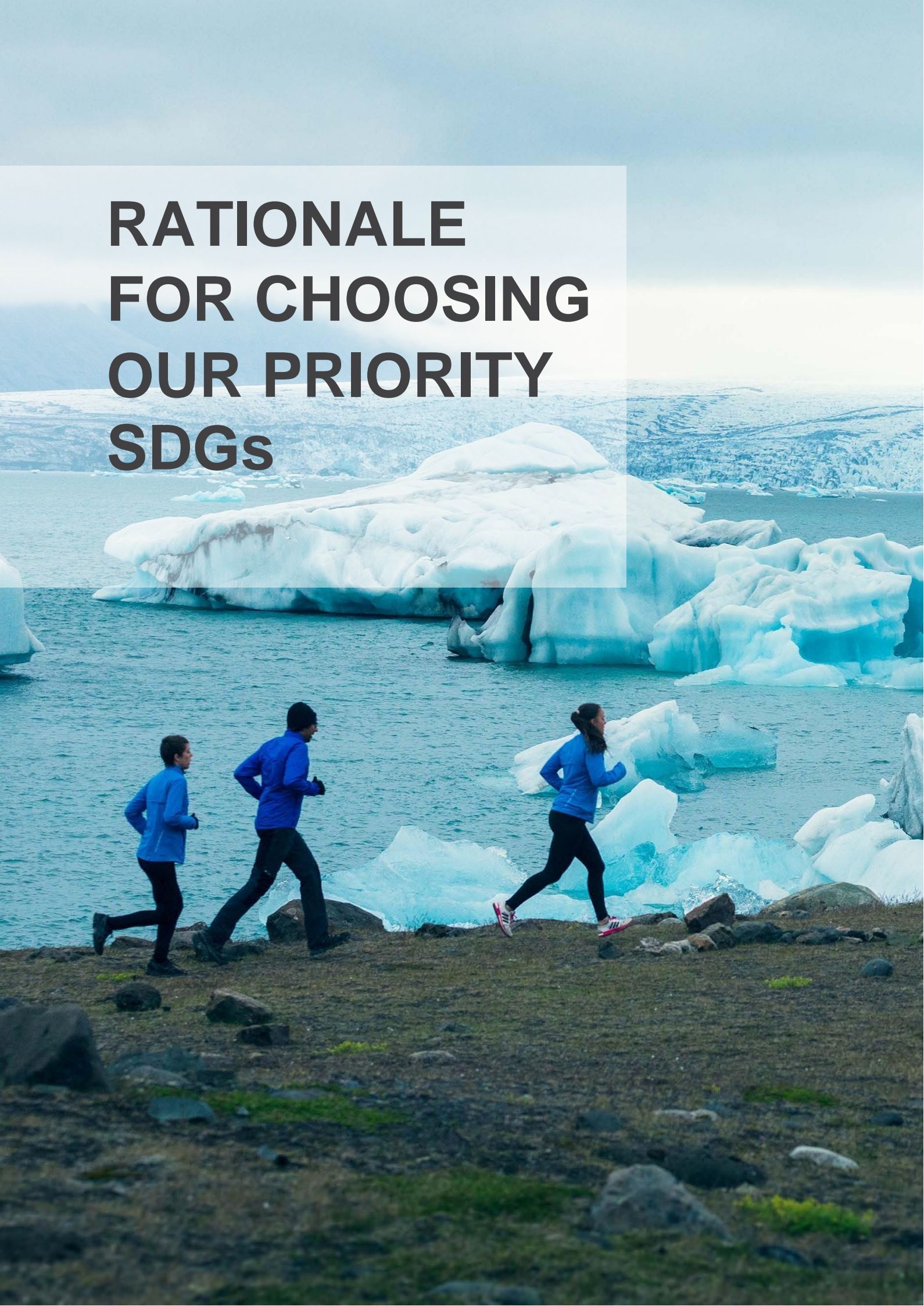
The information contained in this report is divided into the following sections:

- PRESENTATION, INTRODUCTION, SCOPE and STRUCTURE
 - CEO Statement on Sustainability
- RATIONALE FOR CHOOSING our priority SDGs
- SIGNIFICANT IMPACTS on each priority SDG
- KEY INDICATORS AND OUTCOMES related to our priority SDGs
- MAIN STRATEGIES and CHALLENGES associated with our priority SDGs
 - ENERGY SAVINGS, RENEWABLE ENERGY and CLIMATE CHANGE
 - RECYCLING; CIRCULAR ECONOMY
 - ENVIRONMENTAL MANAGEMENT
 - WASTE
 - WATER
 - EFFICIENCY
 - TRANSPORT
 - PROMOTING SUSTAINABILITY WITHIN OUR ORGANISATION...
 - PROMOTING SUSTAINABILITY OUTSIDE OUR ORGANISATION...
 - CHEMICALS
 - PACKAGING
 - RENOVATION
 - THE SOCIAL PILLAR of sustainability
- Appendix I: Sustainability Policy.
- Appendix II: Management System Certification aligned with the Sustainable Development Goals.

This reporting structure follows the requirements of the Bureau Veritas reference guide *Corporate Social Responsibility Management System aligned with the Sustainable Development Goals (2019)*, in accordance with which Danosa has the corresponding certification. It also follows the recommendations of various prestigious publications, including *Integrating the Sustainable Development Goals into Corporate Reporting: A Practical Guide*, developed by the United Nations GLOBAL COMPACT in collaboration with the GRI (Global Reporting Initiative).

Under no circumstances is this Sustainability Report intended to be read as a Non-Financial Information Statement (NFIS). For this purpose, we have compiled the Danosa Group 2022 Non-Financial Information Statement, which has been verified by an independent third party, in accordance with the established legal requirements and deadlines.

RATIONALE FOR CHOOSING OUR PRIORITY SDGs



PRIORITY SDGs

In accordance with the established procedure, we reviewed and updated the way we identify and assess Danosa's business IMPACTS on the SDGs for the 2022 financial year. This resulted in an increase in the total number of impacts, from 97 in the previous year to 112, including positive and negative, actual and potential, throughout the entire value chain.

To identify these impacts, we took the following into account: information on production and management processes; accumulated knowledge of industrial activity; legal and other applicable requirements; social and environmental performance; and strategic business planning, among others. To assess these impacts, we applied criteria on the significance of the consequences for sustainable development, and Danosa's ability to influence in this regard.

These impacts affect 13 of the 17 SDGs. However, due to the number of impacts on each SDG and their assessment, we still consider the following as the PRIORITY SDGs for Danosa since they have the greatest impact (accounting for almost 70% between the four of them):



The most relevant changes in this 2022 update are as follows:

- The impacts of the solar photovoltaic plant have changed from potential to actual, as the facility became operational in August 2022.
- We have added the potential impacts associated with developing a roadmap for Danosa's medium- and long-term energy transition, which started in 2022, particularly due to the possibility of installing new renewable energy sources to replace the significant levels of LNG gas consumed. We are considering the possibility of solar-thermal, biomass and heat electrification by expanding the photovoltaic panels.
- The actual impacts of the RENOVATION business have increased due to all the measures developed in 2022. We have also included the positive impacts of renovating the organisation's own buildings, which began or was carried out in 2022.
- We have added new impacts to the social pillar: one negative associated with the worsening work conditions in some manufacturing positions due to climate change (as summer 2022 was extremely hot and long compared to previous years), and other positive impacts associated with talent management, employing vulnerable groups and small social benefits to help with inflation.
- We have also extended the impacts of groundwater consumption to other uses, as we significantly reduced watering in 2022.



SDG 12 is the MOST IMPORTANT for Danosa due to the number of impacts it receives, accounting for:

- 30% of all impacts, both in number and assessment.
- 27% of SIGNIFICANT impacts.
- One-third of all NEGATIVE impacts, and half of the SIGNIFICANT NEGATIVE impacts, including the largest one.

More than half (18) of the impacts identified in this SDG are ACTUAL, and they are already being managed by the company. Furthermore, we identified 14 other potential impacts that offer significant OPPORTUNITIES aligned with the context of the organisation.

Danosa's impact is widely distributed in SDG 12, affecting 6 GOALS.

Virtually all management system processes and other areas of the company are linked to SDG 12.

Prioritising SDG 12 is consistent with our company's purpose and infrastructure as a manufacturer.

SDG 12 is consistent with many key aspects of our business and organisation:

- RECYCLING; circular economy
- EFFICIENCY
- WASTE
- Environmental management
- Energy savings

It also includes several of Danosa's major challenges in the short and medium term:

- Renewable energy production
- Chemicals
- WATER consumption
- Minimising PACKAGING put on the market



SDG 13 is the second most important for Danosa due to the number of impacts it receives, accounting for:

- 17% of all impacts (in number).
- 16% of the total impact assessment.
- 15% of SIGNIFICANT impacts.

More than half (11) of the impacts identified in SDG 13 are ACTUAL and are directly related to ENERGY EFFICIENCY (both internal and external), which is one of the two strategies of our SUSTAINABILITY POLICY. It also includes perhaps the most significant impact of this period, related to renewable energy production.

SDG 13 also includes the negative impacts related to TRANSPORTING goods, both to their destination (delivering products sold) and from their origin (raw materials) which, although not significant in the assessment process due to the limited influence that Danosa currently has in this regard, are relevant to sustainable development.

SDG 13 is consistent with the following key aspects of our business and organisation:

- EFFICIENCY, thus impacting our own energy savings
- ENERGY EFFICIENCY in construction, as a result of saving energy by using some key Danosa business ranges (XPS, ETICS, solar reflectance)
- Our own ENERGY EFFICIENCY, including RENOVATING our own buildings and renewing our fleet of vehicles
- Developing products with a high impact on sustainability, such as the "decontaminating" range (NOx)

It also includes the following major challenges for Danosa in the short and medium term:

- Renewable energy production, as part of DANOSA's energy transition towards decarbonisation



SDG 8 is the third most important for Danosa, accounting for:

- 13% of all impacts (in number).
- 13% of the total impact assessment.
- 10% of SIGNIFICANT impacts.

More than three-quarters (11) of the impacts identified in SDG 8 are ACTUAL and are directly related to BUSINESS matters that have a very positive influence on sustainable development. Furthermore, it is directly related to one of the three significant negative impacts, associated with CHEMICALS.

Due to the influence of chemicals on people's health, as well as the impact of business growth on job creation and its link to working conditions, for Danosa, this is the priority SDG most closely related to the SOCIAL pillar of sustainability.

SDG 8 is consistent with the following key aspects, which include:

Significant opportunities and challenges in the short and medium term:

- The RECYCLING business
- The RENOVATION business, which makes buildings more sustainable
- Managing CHEMICALS (hazardousness, packaging, pollution, etc.)
- Promoting solutions and product ranges with the greatest positive impact on sustainability
- Generating wealth, employment and skills as a result of business growth

Potential risks:

- Business opportunities with a negative impact on sustainability
- Influence of external factors (such as climate change, energy crisis, etc.) on working conditions
- Risk of raw material suppliers in distant countries having a negative impact on human rights or the environment



SDG 11 is the fourth most important for Danosa, accounting for:

- 11% of all impacts (in number).
- 10% of the total impact assessment.
- 11% of SIGNIFICANT impacts.

Almost all impacts identified in SDG 11 are actual, and 80% of them are positive. Despite coming fourth in terms of priority, this is perhaps the SDG that best represents Danosa's traditional vocation and our role in putting systems and solutions on the market that make buildings more comfortable and habitable. It is undoubtedly the SDG most related to the COMMERCIAL side of the business, while the other priority SDGs (especially SDG 12 and SDG 8) are more related to the INDUSTRIAL side.

The impacts of SDG 11 are closely related to increasingly circular and sustainable construction, with three axes:

- Danosa PRODUCTS designed for this purpose
- Promoting RENOVATION, which became particularly significant in this period
- Market awareness and COMMUNICATION actions from different perspectives using different support materials (product documentation, technical support, participating in specialised forums, etc.)

A full-page photograph of three runners in blue jackets and black pants running through a lush green field with yellow wildflowers. In the background, there is a large, dark, rocky cliff face. A semi-transparent grey box is overlaid on the upper left portion of the image, containing the text.

SIGNIFICANT IMPACTS on each PRIORITY SDG



12 PRODUCCIÓN
Y CONSUMO
RESPONSABLES



13 ACCIÓN
POR EL CLIMA



8 TRABAJO DECENTE
Y CRECIMIENTO
ECONÓMICO



11 CIUDADES Y
COMUNIDADES
SOSTENIBLES





SIGNIFICANT IMPACT

USING RECYCLED MATERIALS	<i>[contributing to a circular economy]</i>
RECYCLING WASTE for reuse	<i>[contributing to a circular economy]</i>
Producing solar photovoltaic energy	
Possibility of installing more RENEWABLE ENERGY sources	
Promoting information and knowledge for more sustainable development: SOST command, META Project, digitisation, carbon footprint, etc.	
Possibility of promoting information and knowledge to all people within our organisation and area of influence for more sustainable development	
Generating hazardous and non-hazardous WASTE	
Putting chemicals on the market; their packaging is hazardous waste	
Buying RECYCLED MATERIALS	<i>[contributing to a circular economy]</i>
Promoting ENVIRONMENTAL management with a certified system	
Promoting EFFICIENCY	
Participating in international sustainability projects	
Promoting a sustainable company CULTURE and VALUES	
ECODESIGN: Possibility of improving our products, making them easier to dismantle, separate and RECYCLE (at the end of their useful life)	

NOTES: *In RED: NEGATIVE impacts; in GREEN: POSITIVE impacts*
Gerund: ACTUAL impacts; possibility: POTENTIAL impacts



SIGNIFICANT IMPACT

Producing solar photovoltaic energy
Possibility of installing more RENEWABLE ENERGY sources
Promoting the RENOVATION business
Promoting information and knowledge for more sustainable development: SOST command, META Project, digitisation, carbon footprint, etc.
Possibility of promoting information and knowledge to all people within our organisation and area of influence for more sustainable development
Contributing to ENERGY EFFICIENCY with thermal and solar insulation (XPS, ETICS, cool roofs, EPS, etc.)
Providing the market with environmental information on products (EPDs and others)
Promoting ENVIRONMENTAL management with a certified system

NOTES: *In RED: NEGATIVE impacts; in GREEN: POSITIVE impacts*
Gerund: ACTUAL impacts; possibility: POTENTIAL impacts

8 TRABAJO DECENTE
Y CRECIMIENTO
ECONÓMICO



SIGNIFICANT IMPACT

USING RECYCLED MATERIALS	<i>[contributing to a circular economy]</i>
RECYCLING WASTE for reuse	<i>[contributing to a circular economy]</i>
Promoting the RECYCLING business	<i>[contributing to a circular economy]</i>
Promoting the RENOVATION business	
Promoting EFFICIENCY	

NOTES: *In RED: NEGATIVE impacts; in GREEN: POSITIVE impacts*
Gerund: ACTUAL impacts; possibility: POTENTIAL impacts



SIGNIFICANT IMPACT

Promoting the RENOVATION business
Contributing to ENERGY EFFICIENCY with thermal and solar insulation (XPS, ETICS, cool roofs, EPS, etc.)
Providing the market with environmental information on products (EPDs and others)
Participating in international sustainability projects
Participating in forums that promote sustainability (ANAIP, Passivhaus, Green Building Council, etc.)
ECODESIGN: Possibility of improving our products, making them easier to dismantle, separate and RECYCLE (at the end of their useful life)

NOTES: *In RED: NEGATIVE impacts; in GREEN: POSITIVE impacts*
Gerund: ACTUAL impacts; possibility: POTENTIAL impacts



**KEY
INDICATORS
AND OUTCOMES**
related to our
PRIORITY SDGs



RECYCLING; CIRCULAR ECONOMY AREA

INDICATOR	Unit	2020	2021	2022
RECYCLING BUSINESS	(%) Total sales [GROUP]	3.32%	4.22%	5.13%
RECYCLATES PRODUCED	Total tonnes [GROUP]	4380	5265	5251
RECYCLATES PURCHASED	Total tonnes [GROUP]		21,918	20,877
FONTANAR RECYCLATE USAGE rate	(%) RECYCLED RM materials/ total RM	18.4%	22.2%	21.2%
FONTANAR RECYCLATE amount	Total tonnes [FONTANAR]		20,241	19,100
GROUP RECYCLATE amount	Total tonnes [GROUP]		27,184	26,128

There were no major advances in the recycling business in 2022 since it currently mainly focuses on self-consumption, and there was a certain downturn in activity, less demand and, therefore, less production and purchasing. Nevertheless, turnover in this area continued to grow as a proportion of the Group's total. The rate of recyclates used in Fontanar suffered, especially in the first half of the year, due to the lack of availability or the increased cost of some materials due to the supply chain crisis.



EFFICIENCY AREA

INDICATOR	Unit	2020	2021	2022
PRODUCTION efficiency (1)	[RATE] (1)	85	84.3	85
RAW MATERIAL efficiency (1)	[RATE] (1)	101.0	100.9	99.25

(1) Both indicators are calculated from the ratio between what should have been spent according to the standard and what was actually spent. The PRODUCTION efficiency indicator shows the ratio between the time that should have been spent on production and the time actually spent; the RAW MATERIALS indicator is the ratio between the amount of materials that should have been consumed for a given production and those actually consumed, and the rate is the result of dividing the ratio of this period with the ratio of the previous period.

The decline in demand and the difficulties in obtaining and stockpiling raw materials often made it impossible for us to make significant progress in production efficiency. However, this led to us devoting more time and resources to optimising raw material management and consumption, resulting in a significant improvement in efficiency compared to the previous year.

WASTE AREA



INDICATOR	Unit	2020	2021	2022
HAZARDOUS WASTE	Tonnes	200.16	97.42	75.57
NON-HAZARDOUS WASTE	Tonnes	1890	1860	1841
HAZARDOUS WASTE	Tonnes/million Euros of sales	2.42	0.92	0.61
NON-HAZARDOUS WASTE	Tonnes/million Euros of sales	22.88	17.66	14.86
HAZARDOUS WASTE	Tonnes/million kW/h of electricity	12.12	5.25	4.02
NON-HAZARDOUS WASTE	Tonnes/million kW/h of electricity	114.50	100.31	97.97
HAZARDOUS WASTE	T of waste/TOTAL t of production	0.2071	0.0961	0.08004
NON-HAZARDOUS WASTE	T of waste/TOTAL t of production	1.9562	1.8352	1.9503

The progress in hazardous waste continued to be positive, with the company having met the 20% reduction target in 2022. However, the absolute amount of non-hazardous waste in 2022 was equal to that of the previous year, somewhat of a setback when compared to the reduction in total production. Since turnover was no longer representative of the growth in industrial activity due to inflation, we incorporated two new indicators to monitor the progress of waste in relation to production activity. We made significant progress in non-hazardous waste recovery/recycling, however, obsolete products and problems with the quality of raw materials increased.

PACKAGING AREA



INDICATOR	Unit	2020	2021	2022
PACKAGING put on market / SINGLE-USE	T of product per t of packaging	216	65	
PACKAGING put on market / REUSABLE	T of product per t of packaging	24	16	



ENERGY; ENERGY SAVINGS AREA

INDICATOR	Unit	2020	2021	2022
ELECTRICITY CONSUMPTION	Total kWh	16,508,351	18,543,273	17,906,570
LNG GAS CONSUMPTION	Total kWh	24,728,223	26,122,807	25,127,243
ELECTRICITY CONSUMPTION	kWh per million Euros of sales	199,859	176,049	144,485
LNG GAS CONSUMPTION	kWh per million Euros of sales	299,373	248,009	202,747
RENEWABLE ENERGY PRODUCTION [FONTANAR]	Total kWh [FONTANAR]	0	0	889,690

We reduced our total electricity consumption, although not in proportion with overall production since indirect and auxiliary consumption remained, even though the production lines operated for fewer hours, or fewer production lines were working simultaneously in some sections. We also reduced our gas consumption, which is very specific to asphalt sheet manufacturing, although not in proportion with our activity.

Our major sustainability achievement in 2022, especially in terms of energy, was opening the photovoltaic production plants in both Granada and Fontanar. In service since August, the Fontanar plant produced 5% of the total electricity consumed in 2022.

WATER AREA



INDICATOR	Unit	2020	2021	2022
Mains CONSUMPTION	Total m ³	3637	7547	9597
Groundwater CONSUMPTION	Total m ³	27,091	22.592	15.154
Mains CONSUMPTION	m ³ /million Euros of sales	44.0	71.7	77.4
Groundwater CONSUMPTION	m ³ /million Euros of sales	328.0	214.5	122.3
INDUSTRIAL EFFLUENTS	Total m ³	0	0	0

The increase in our mains water consumption was due to its exceptional use to replenish the fire extinguisher and industrial cooling systems at certain points during the summer, due to poor groundwater quality as a result of the particularly persistent drought in 2022. The reduction in groundwater use was due to the amount of watered surfaces being halved in 2022. Overall, we reduced water consumption by 18% in 2022.



GREENHOUSE GAS EMISSIONS AREA

Fontanar

INDICATOR	Unit	2020	2021
DIRECT GHG EMISSIONS (Scope 1)	tCO ₂ -eq FONTANAR	4837.95	5109.48
INDIRECT GHG EMISSIONS (Scope 2)	tCO ₂ -eq FONTANAR	2476.5	2429.17
TOTAL GHG EMISSIONS	tCO ₂ -eq FONTANAR	7314.21	7538.65
TOTAL GHG EMISSIONS	tCO ₂ -eq/million Euros of sales FONT.	74.1	59.08
ODS EMISSIONS (ozone-depleting substances)	Tonnes FONTANAR	0	0

In mid-2022, we determined our organisation's carbon footprint for the year ended 2021, which saw an increase of 224.4 tonnes of CO₂-eq compared to 2020. The most significant increase was due to higher gas consumption, which was consistent with increased production activity. Despite our electricity consumption also being somewhat higher, its impact on GHGs was lower due to the relevant supplier having a better renewables coefficient. An improvement in operational efficiency also had a positive impact. The impact of company vehicles (lower compared to other fuels) was almost unchanged because, despite there being more vehicles in 2021, a significant proportion of them were hybrid. In conclusion, in 2021 and relative to turnover (and accepting that part of the business increase was due to inflation), we reduced our carbon footprint by 20%, from 74.1 tCO₂-eq per million Euros to 59.1 tCO₂-eq per million Euros.

Other Industrial Sites

INDICATOR	Unit	2021
TOTAL GHG EMISSIONS - GRANADA	tCO ₂ -eq	16.81
TOTAL GHG EMISSIONS - EUROFOAM (1)	tCO ₂ -eq	587.93
TOTAL GHG EMISSIONS - RECYCLING (2)	tCO ₂ -eq	388.98
TOTAL GHG EMISSIONS - ALL (3)	tCO ₂ -eq	8532

(1) XPS production plant in Portugal, plus the sales network in Portugal.

(2) Combination of both recycling production plants: R.S. (Fontanar) and EPS (Portugal).

(3) Combination of all industrial sites: Fontanar + Granada + Portugal + Recycling.

In line with our commitment to extend sustainability management to the rest of the Group, in 2022, we also assessed the organisation's carbon footprint for the other industrial sites.

While the greatest impact on carbon footprint in Fontanar was due to direct emissions from using natural GAS, the greatest impact at the other industrial sites was due to indirect emissions from ELECTRICITY consumption. As the manufacturing site with the LOWEST GHG emissions, Granada was the exception to the rule with no indirect emissions from its electricity consumption; the emissions coefficient for purchased electricity was ZERO, because its energy came from renewable sources.

DANOSA-Fontanar (including the head offices and national sales network) accounted for 88% of GHG emissions in the industrial part of the Group. This was followed by the site in Portugal (including its sales network) with 7%; and our RECYCLATE production (RS and EPS plants) with a similar impact of 5%. The Granada plant only contributed 0.2%.

REDUCING GREENHOUSE GAS EMISSIONS THANKS TO THE THERMAL INSULATION WE SUPPLY (1) AREA



INDICATOR	Unit	2020	2021	2022
Annual XPS PRODUCED in Fontanar	m ³ FONTANAR	153,179	202,174	198,952
kW/h of energy savings	kW/h per year in FONTANAR	12,808,828	16,905,790	16,636,366
Annual total GHG EMISSIONS PREVENTED in FONTANAR	TCO ₂ -eq in one year in FONTANAR	1921	2536	2163
Total <u>accumulated</u> (2) GHG EMISSIONS PREVENTED in FONTANAR	<u>Accum.</u> tCO ₂ -eq FONTANAR		28,353	38,536

- (1) For now, this indicator only considers the impact of XPS (extruded polystyrene panels) put on the market; other available thermal insulation solutions (ETICS, EPS, etc.) are not included. Furthermore, it only takes into account the XPS manufactured in Fontanar; the XPS manufactured in Portugal has an equivalent calculation, but it is not included in this indicator because it is outside the scope of the report.
- (2) This indicator is calculated by multiplying the savings produced in one year due to the insulation supplied to the market each year, by the number of years it has been installed in each case.

For 2022, the energy savings due to XPS put on the market were in line with the previous year, in proportion with the XPS produced. The GHG emissions prevented were somewhat reduced by using a lower coefficient (consistent with the coefficient used to calculate the company's carbon footprint).

ENVIRONMENTAL EVENTS AREA



INDICATOR	Unit	2020	2021	2022
Environmental INCIDENTS and NON-CONFORMANCES	quantity/year	2	6	5
Environmental EMERGENCIES	quantity/year	1	1	0
Significant SPILLS	quantity/year	0	0	0
SANCTIONS for environmental non-compliance [GRI 307-1].	quantity/year	0	0	0

Three non-conformances were raised in the annual internal audit in 2022: one due to the need to improve selective laboratory waste collection and SIGMA documentation, another due to the need to improve gas discharge, and a third due to an incident involving a plasticiser stain. Everything has been resolved as of the date of this report.

COMMUNICATION TO THE MARKET AREA



INDICATOR	Unit	2020	2021	2022
Available verified ENVIRONMENTAL PRODUCT DECLARATIONS	(Nº)	5	6	9
INTERNAL COMMUNICATION on sustainability	No. actions / year		67	56
EXTERNAL COMMUNICATION on sustainability (1)	No. actions / year			65

(1) Apart from all the sales and marketing communications to disseminate, train or promote Danosa's sustainable concepts and products.

We have completed, verified and registered three new EPDs in the last year, to which we will add another three that are in the final phase and will be available in the first quarter of 2023. All Danosa product EPDs are available on both the ENVIRONDEC [International EPD System] and Danosa websites.

In 2022, we introduced a register of the most relevant incoming and outgoing external communications on sustainability (in addition to the external environmental communication register for ISO 14001).

SUSTAINABLE ECONOMIC GROWTH AREA



INDICATOR	Unit	2020	2021	2022
Group total TURNOVER	Millions of Euros [GROUP]	98.7	127.6	149.77
Danosa total TURNOVER (1)	Millions of Euros [GROUP]	82.6	105.3	123.9
TURNOVER in RENOVATION market [National]	(%) of business total [Danosa]			1.28%
TURNOVER in ETICS market (2) [National]	(%) of business total [Danosa]			1.09%

(1) Danosa refers to the sales of the company DERIVADOS ASFÁLTICOS NORMALIZADOS, S.A., which expressly exclude the sales of the recycling company (RENOVACIÓN SOSTENIBLE).

(2) ETICS: External Thermal Insulation Composite System

The significant increase in turnover was mainly due to the inflation that characterised last year, largely as a result of the energy and raw material supply chain crisis following the war in Ukraine. Both the total volume produced and EBITDA in 2022 were lower than in 2021. Despite this, we achieved growth in several business lines directly linked to sustainability (recycling, renovation) and in several markets (France, Morocco and Andean). The number of Danosa Group staff also increased.

In line with the commitments of the previous year, from this edition onwards, we will include indicators showing the development of the RENOVATION business and ETICS system, as both channels have a highly positive impact on sustainability.



EMPLOYMENT AND TRAINING AREA

INDICATOR	Unit	2020	2021	2022
Total number of Group EMPLOYEES		384	406	428
Total number of national EMPLOYEES (1)		264	297	296
Total HOURS of Group TRAINING ACTIVITIES (2)		1565	3358	2206
Total number of PEOPLE trained within Group		103	150	161
NEW HIRES within Group (3)	[incremental]	6	20	25
ACCIDENT RATE - FREQUENCY		0.0003	0.0005	0.0003
ACCIDENT RATE - INCIDENCE		0.5102	0.8066	0.5561
ACCIDENT RATE - SEVERITY		0.0126	0.0115	0.0071

(1) National refers to the head offices and main factory in Fontanar, plus the entire national sales network; it expressly excludes the recycling plants and Granada site.

(2) Duration of the training activity, regardless of the number of participants.

(3) Includes new hires for newly created posts or team growth, not replacements.

OTHER GENERIC CONSIDERATIONS REGARDING THE INDICATORS

Many indicators are relative to turnover (net sales) rather than to units/quantities produced. This is due to the different product families having varied units (square metres, kilos, litres, cubic metres, etc.); therefore, their total would be neither coherent nor representative.

Group data is mentioned frequently, both at indicator level and throughout the report. This is because activity is generally managed by business area, by market and by manufacturing line, regardless of its location or the Group company to which it belongs.

The background of the slide is a full-page photograph of a lush green field in the foreground, a dense line of trees in the middle ground, and a bright blue sky with scattered white clouds. A semi-transparent light blue rectangular box is overlaid on the upper left portion of the image, containing the main text.

**STRATEGIES
and
CHALLENGES
associated with
our PRIORITY
SDGs**

ENERGY SAVINGS, RENEWABLE ENERGY AND CLIMATE CHANGE



Energy consumption, particularly electricity and LNG gas consumption, has been a significant part of our environmental management for years. Indeed, we have taken successive energy-saving measures, from replacing indoor and outdoor lighting, and factory and office lighting, to upgrading major industrial equipment such as air compressors, refining mills and capacitor banks. Our company has also undergone energy efficiency audits since 2012. In 2021, partly due to the upheaval in the energy sector in the second half of the year, we introduced new energy-saving measures, including increasing hot/cold pipe insulation, replacing gas boilers with more efficient equipment compatible with the fuels of the future, and studying new technologies available for asphalt mills. We also launched an energy-saving campaign for the entire Fontanar complex, which was completed in 2022. Furthermore, in 2022, we explored several heat recovery options at different parts of our facilities.

As far as renewable energy is concerned, we have been considering different options for years, from cogeneration to biomass and wind power. In any case, the first major step, and our greatest sustainability achievement in 2022, was installing a solar photovoltaic plant in Fontanar with an installed power of 2.2 MWh, which became operational in August and provided 5% of all the electricity consumed at the site in 2022. A photovoltaic plant (259 kWh of installed power) also came into service in Granada in February 2022, providing more than a third of the total electricity consumed, and we also closed a project to build an additional photovoltaic plant in Portugal in 2023.

Furthermore, driven by both the business implications of the energy crisis following the war in Ukraine and the clear trend towards decarbonising the construction sector in Spain, Danosa worked intensively in the second half of 2022 to develop a *Roadmap for Energy Transition and Decarbonisation*, which has to be completed in 2023. We are considering all viable renewable energy technologies, with a focus on solar-thermal, biomass, biogas and, most notably, a major expansion of photovoltaics, including heat electrification to minimise gas combustion (the main source of CO₂ emissions in Fontanar, as described in the indicators section).

In 2022, we determined the organisation's carbon footprint for the Fontanar site (head offices and factory, excluding the recycling company) for the year ended 2021. As for the previous year, we identified the following: Scope 1 (direct emissions) and Scope 2 (indirect emissions from energy consumed). During 2022, we extended Danosa's internal expertise to carry out carbon footprint calculations using our own resources, although we continue to use an independent third party for verification. As in the previous period, we registered the results voluntarily in the *National Greenhouse Gas Inventory* of the Spanish Ministry for Ecological Transition and Demographic Challenge (MITERD; the corresponding certificate is available) in order to contribute to monitoring and reporting greenhouse gas emissions and other information relevant to climate change to the EU.

The detailed results of Fontanar's carbon footprint for 2021 can be seen in the INDICATORS section. In summary, Scope 1 continues to account for two-thirds of Danosa's greenhouse gas (GHG) emissions and is almost entirely due to LNG gas consumption, while Scope 2 accounts for the remaining third and is entirely due to the emissions caused by the electricity consumed.

Furthermore, in line with the commitments of the previous year, in 2022, we determined the carbon footprint for the rest of the Group's industrial sites (details can be found in the INDICATORS section). In summary, the main factory in Fontanar generates 88% of the GHG emissions of the industrial part of the Group.

Scope 3, which may be quite relevant for Danosa due to the impact of transporting raw materials and finished products, will be determined at a later date, as its calculation is highly complex due to the large number of routes and transport types to consider.

One of Danosa's most significant positive impacts on sustainable development is our contribution to energy efficiency in construction due to the thermal insulation solutions that form an essential part of our business (accounting for more than a quarter of total sales); so much so that this is one of the two strategies of our Sustainability Policy. The amount of GHG emissions saved by using this thermal insulation, both annually based on the amount produced in the year, and accumulatively by using the insulation throughout its useful life, is shown in the INDICATORS section. For the Fontanar site, which is the subject of this report, the savings from using the XPS insulation produced in one year in the market alone offset one-third of our organisation's carbon footprint.

RECYCLING; CIRCULAR ECONOMY



The recycling business started in 2010, and we created a new PP and HDPE recyclate manufacturing Group company in Fontanar in 2014 to cover the growing demand for internal consumption. We subsequently incorporated another company in Portugal, first as a subsidiary before acquiring it in its entirety in 2019, to recycle PS for self-consumption at the Group's two XPS factories. Although the production of both recycling companies is, for now, mainly for self-consumption, we plan to continue growing to operate on the market and sell to third parties, and therefore allocated business resources for this purpose in 2022. We completely renovated the Fontanar factory facilities, installing state-of-the-art machinery at the end of 2020 and opening a new logistics warehouse in 2021. The Portugal factory moved to a new site in 2021, which it has shared with the XPS factory since 2022 to improve synergies and production resources. In 2022, we established a Strategic Plan for 2022-2025 and allocated new resources to project the business to the market once internal demand is fully covered.

To reinforce this outsourcing strategy, we created the Danosa RECYCLING brand. We expect to see a significant increase in production at both recyclate production plants by 2023, as well as a significant volume of sales to third parties of the recyclates manufactured in Fontanar.

DANOSA
RECYCLING

We have been manufacturing several of our product ranges with 100% recycled material for some time, for example the DRAINAGE sheets and GEOTEXTILES. Furthermore, we use a considerable amount of recycled materials to manufacture other major business lines such as XPS and asphalt sheets. As a result, the percentage of recycled materials used compared to the total amount of raw materials at the Fontanar factory exceeds 20%. The medium-term challenge is to use recycled materials in ALL business lines. We consolidated the use of recycled PVC in 2022 and since 2021, we have been studying its use in insulating slabs (as well as in manufacturing mortars at the Granada factory). Several initiatives led by the innovation team are under way in this regard.

In addition to our own production, the Group continues to promote the purchase of recycled materials of different natures and origins.

Most of Danosa's industrial processes have integrated systems to directly reuse manufacturing waste so that no waste is generated. Meanwhile, some of the waste that cannot be fed directly back into our processes is subsequently transformed and converted into raw materials that often return to the same manufacturing process.

During 2022, we developed a reverse logistics system to recover and reuse pallets in Fontanar, based on a pilot scheme trialled in Granada.

Since 2021, Danosa has participated in the MORE Seal initiative through the National Association of Plastics Manufacturers (ANAIP), certifying our commitment to a circular economy by reporting data on the use of recycled plastics on the MORE (Monitoring Recyclates for Europe) Platform, the purpose of which is to demonstrate the efforts of the industry, avoid additional discriminatory regulations and promote the use of recycled materials in plastics. In the same vein, at the end of 2022, Danosa also joined the RECOTRACE initiative promoted by PolyREC (recognised as an official data collector by the Circular Plastics Alliance (CPA)) to measure the progress of the entire European plastics value chain in meeting the CPA's target of 10 million tonnes of recycled plastics by 2025.

To help minimise the potential negative impacts of plastic production, as well as to improve the image of plastic use and recycling, we have further sector-specific certifications planned for Danosa in 2023. Through our active participation with the ANAIP (National Association of Plastics Manufacturers), we have committed to obtain the OCS (Operation Clean Sweep®) certification, which is a voluntary global initiative of the plastics industry to reduce plastic resin loss to the environment. Work is also under way to obtain AENOR certifications related to the UNE-EN 15343 Standard on the traceability of recycled plastics and the use of recyclates in plastic manufacturing.

ENVIRONMENTAL MANAGEMENT



Aware of the importance of protecting the environment to make progress in our increasingly sustainable development, Danosa has a management system in which, based on our Environmental Policy, we have done everything necessary to manage our environmental aspects and impacts completely and correctly. This environmental management is certified by Bureau Veritas in accordance with the ISO 14001:2015 standard and is based on a track record and experience spanning years.

With regards to the environment, our management system has sections to:

- Identify and understand the context in which our organisation operates
- Determine and understand the needs and expectations of our stakeholders and respond to their communications
- Identify and assess the environmental issues of our organisation, as well as their corresponding impacts, both actual and potential
- Identify and implement applicable legal requirements
- Consider risks and opportunities
- Establish and perform operational control
- Evaluate performance and lead continuous improvement from the top management level
- Update and improve the management system itself
- Increase awareness of our organisation's interaction with the environment

Of all Danosa's significant environmental impacts for this period, those related to waste generation and chemical management stand out, although we are also developing improvement actions in several other areas that are directly related to sustainable development.

WASTE



Since 2016, there has been a selective waste collection network in place throughout the Fontanar complex, which is continuously evolving to adapt as required.

With regards to improving our environmental performance, we have carried out successive plans and initiatives to reduce waste in the past, some with very tangible results, such as nearly halving non-hazardous waste in 2017, from 2,485 tonnes (in 2018) to 1,346 tonnes. However, for various reasons, 2020 was a very poor year in terms of both hazardous and non-hazardous waste generation. Regarding hazardous waste in particular, there was a turning point with the arrival of the liquid waterproofing manufacturing activity in Fontanar in 2019. There was also an anomaly between 2019 and 2020 due to the exceptional need to clean out the inside of the asphalt pipelines. As a result, our hazardous waste increased tenfold in 2020, although we did manage to reduce the amount by less than half in 2021, despite the increase in liquid waterproofing activity.

For 2022, we considered waste reduction a priority as the main negative impact identified to sustainability, and we created a specific internal forum to promote this. The results for 2022 can be seen in the INDICATORS section. In summary, we met the 20% hazardous waste reduction target; however, we made no significant gains in terms of non-hazardous waste reduction due to the circumstances that characterised 2022. Therefore, we are renewing our commitment to reduce waste in 2023 as one of Danosa's primary goals in terms of sustainable development.

WATER



We have monitored both mains and groundwater consumption at Danosa for years, despite the environmental impact of water resources being lower, as general water use is not directly part of our production processes (with the exception of slab manufacturing, which uses around 300m³ of mains water to mix the mortar each year, and liquid waterproofing manufacturing, which contains water in its formulation and accounts for a further 100m³ of mains water each year). The mains water consumed in Fontanar is mainly for domestic tap water, whereas the groundwater consumed is due to maintaining and replenishing the fire extinguisher system, replacing the closed-circuit cooling system for the asphalt sheet manufacturing process, and watering the gardens and green areas.

We identified a considerable negative impact by the latter in 2021 (around 10 million litres were used for watering the gardens in 2020), so we reduced these areas by almost half in 2022, maintaining social and recreational use without the need for watering, which resulted in a one-third reduction in groundwater use in 2022.

Nevertheless, in 2022, Danosa experienced the unprecedented situation of having to occasionally use mains water to replenish both the fire extinguisher and cooling systems, as the prolonged drought in the summer period affected the quality and availability of groundwater. As a result, the net savings in the use of water resources was 18%.

EFFICIENCY



We have made a major effort to improve our EFFICIENCY in recent years, both in terms of productivity and the materials used, as a key way to remain competitive in our operations. We introduced industrial management control in 2018, with specific indicators that are constantly evolving, and since 2019, we have allocated significant resources to digitise production processes by implementing a Manufacturing Execution System (MES). In 2022, we standardised OEE (overall equipment effectiveness) as a master indicator of our manufacturing efficiency. Furthermore, in the last two years, four people have joined our organisation in positions related to continuously improving our industrial processes.

We monitor all production processes for performance, energy consumption, waste and use of materials (measured as the ratio between theoretical and actual consumption).

In 2022, productivity improved in practically all Fontanar production lines, except for asphalt sheets, which were more affected by the raw material difficulties. The use of materials also improved by more than one point. Nevertheless, improving operating efficiency is once again a key axis for our business for 2023 to try to recover part of the margin lost due to inflation.

TRANSPORT



We have already mentioned the impact that transporting raw materials from their origin and finished goods to their destination can have on sustainability. In fact, although we have identified several transport-related impacts, they have not, so far, been significant in the assessment due to the very limited influence we believe they have after the measures already taken. In recent years, we have carried out the three following intensive measures:

- Load optimisation: we now group small shipments, which were previously sent separately using specialist carriers, by destination, transporting them directly instead of via successive logistics centres.
- Route optimisation: shipments that were previously delivered unsystematically to different operators are now planned by route from Fontanar to the furthest destination and transported in a single shipment.
- For international subsidiaries, we manage direct shipments from Fontanar to the end client without passing through our warehouses, even if the sales operations are carried out by other Group companies.

We consider transport management to be so significant that in 2018, we created a new role exclusively dedicated to it, in addition to all the management carried out by members of the external logistics and customer service team.



PROMOTING SUSTAINABILITY WITHIN OUR ORGANISATION...

With regards to integrating and promoting sustainability within our business and organisation, after previously including it in master documents such as our Value Statement and Environmental Policy, at the end of 2020, we incorporated it into the Company Vision as one of our three key pillars. As a result, we carried out a project to develop and integrate sustainability into our management system in 2021. Thanks to this work, we obtained the corresponding Bureau Veritas Certification for aligning our business with the SDGs at the beginning of 2022 (Appendix II).

In terms of sustainability, our management system includes the following:

- A Management Systems Directorate that specifically covers sustainability.
- Multidisciplinary forums that include the CEO to guide our company in sustainable development. Specifically, we set up a task force in 2022 to develop Danosa's Roadmap for Energy Transition and Decarbonisation.
- An ongoing campaign to train and inform the entire organisation on the basic concepts of sustainable development, SDGs and Danosa's impact on sustainability.
- Defining sustainability as one of the three levers (along with digitisation and innovation) of the META Project for the cultural transformation of the organisation.
- Developing specific sustainability impact indicators within the key metrics for the company and for the business.
- Rolling out a sustainable development model aligned with the SDGs in the management system, which begins with the Sustainability Policy; develops into a tool for identifying and assessing the impacts (actual and potential, negative and positive) of the company's activity on the Sustainable Development Goals; and concludes in disclosing the results and commitments to sustainability (both internally and externally) by publishing this Annual Report.

Despite the circumstances, we recorded 56 internal communications regarding the progress made or concerns about sustainability in 2022.

Something to highlight internally is the positive impact of remote working, which began as a result of the pandemic but has been consolidated in many positions and activities. This practice has social benefits in terms of work-life balance, quality of life and efficiency on the one hand, and environmental benefits in terms of reducing emissions from commuting to work, printed paper and business trips on the other.

The main challenge in this area is to extend the scope of the sustainability certification covered by this report to the rest of the Group's sites, particularly those of a more industrial nature (the factories in Granada and Portugal), as the commercial area is more centralised and integrated, and already draws on everything described here.

PROMOTING SUSTAINABILITY OUTSIDE OUR ORGANISATION...



Several positive impacts identified in the priority SDGs are related to training, raising awareness and encouraging other market players to collaborate in sustainable development. In this regard, we are taking action in the following areas:

- Continuing with the *Aula Danosa* programme, which has provided training and information to thousands of people from different sector groups (installers, architects, etc.) over the years. Indeed, the Technical Department carried out a large number of sustainability-specific communication/training actions in 2022.
- Work is continuing to identify and make available environmental and sustainable product information. The most outstanding example is drafting and publishing the Environmental Product Declarations (EPDs), which Danosa began in 2016 with nine for the main product ranges before adding three more in 2022 (asphalt sheets, XPS, PVC sheets, MAD acoustic sheets, IMPACTODAN acoustic sheets, DANOCRET waterproofing mortars, FIXTHERM fixing mortars, FONODAN acoustic sheeting, SONODAN-ACUSTIDAN-DANOFON multilayer sheeting, as well as being a contributor to the sectoral EPD for asphalt sheeting), all of which have been verified by a third party and published on the official European ENVIRONDEC platform. Three new EPDs are now in progress and will be completed in 2023 for the main liquid waterproofing solution (DANOCOAT), DANODREN drainage, and DANOFELT geotextiles. In parallel, we also worked to obtain all the FDES, which are the French equivalent of EPDs, in 2022.
- Another front on which we are working is information technology and making relevant information on the sustainability of our products available on official databases, with a special focus on positioning our products and solutions for environmental building certifications.
- In 2022, we put a home energy savings calculator on the Danosa website.
- Danosa is a member of many associations and business groups directly related to sustainability and/or that are promoting sustainability among their members, including:
 - 2030 Observatory of the Spanish Council of Architects' Associations
 - GBCe - Green Building Council Spain
 - ANARPLA - National Association of Plastics Recyclers
 - ANAIP - National Association of Plastics Manufacturers
 - PASSIVHOUSE Net-Zero Energy Consumption Buildings Consortium
 - ANFAPA - National Association of Mortar and ETICS Manufacturers
 - AIFIM - Iberian Association of Waterproofing Manufacturers
 - AIPEX - Iberian Extruded Polystyrene Association
 - ADIP - Spanish Association of Insulation and Covering Installers
 - AIMPLAS - Association for Research into Plastic Materials
 - Cluster for Industrialisation and Innovation in Building
 - VINYL Foundation
 - ESWA - European Single Ply Waterproofing Association

A particularly noteworthy action initiated by Danosa, which began in 2021 and ended in 2022 (the prizes were awarded in May), was collaborating with the Polytechnic University of Madrid to develop the "SUSTAINABLE COMFORT" competition aimed at improving the sustainability of building products and systems in construction.

Sustainability played a major role in Danosa's participation in the CONSTRUTEC trade show in November 2022, with various conferences and presentations given by our company on the circular economy of plastics, energy efficiency and sustainability in construction.

A potential positive impact that has already been identified as a challenge for this next stage is providing product information that contributes to sustainability or to promoting more sustainable practices (such as recycling packaging) in labelling.

One aspect to be specifically highlighted in this section for 2022 relates to **SUSTAINABILITY in the construction sector**:

- Danosa is a GOLD Sponsor of the Green Building Council Spain (GBCe) for writing and publishing studies and reports that act as levers for transforming the sector. In this regard, the GBCe 2022 COUNTRY REPORT: ON THE STATE OF THE SUSTAINABLE BUILDING EMERGENCY IN SPAIN is particularly relevant, describing the current situation of the six keys that GBCe identifies for the sector in our country: decarbonisation, circular economy, health, biodiversity, complete renovation and resilience.
- In line with this, Danosa is also collaborating with the GBCe on #BUILDINGLIFE, the ROADMAP TO DECARBONISING BUILDINGS THROUGHOUT THEIR LIFE CYCLE, an international initiative seeking to drive the necessary changes.
- We also collaborated in gathering information on the following:
 - On the use of RECYCLATES in plastic materials used in the construction sector for ANAIP.
 - On construction waste for the ANFAPA Building Cluster study.
 - On asphalt sheeting waste and sustainability issues through AIFIM at the EWA.

Another special mention in this section for the 2022 financial year concerns sustainability certifications or seals:

- Danosa collaborated with AENOR in developing the new N-S product seal, which resulted in the XPS manufactured by Danosa obtaining the first N-S Seal in Spain. The N-S Seal is an evolution of the well-known N Seal, which recognises the QUALITY of a product, and now also endorses different aspects of its SUSTAINABILITY.
- Danosa is working with ANAIP on developing and obtaining the new "Sustainable Spanish Company" seal, which the association will award to companies, both partners and non-partners, that demonstrate a level of performance in terms of sustainable development.

Danosa received the following recognitions directly or indirectly linked to sustainability in 2022:

- SPOUG (Spain ORACLE User Group) recognition for our commitment to sustainability.
- Danosa was selected from more than 500 mid-sized companies (€50 - €500 million) to join the CRE100DO Foundation community of excellent companies. Several of the criteria used in the selection process are related to CSR and sustainability.



CHEMICALS

The massive incorporation of chemicals into Danosa's industrial activity is relatively recent and goes hand in hand with the Group entering the liquid waterproofing business when we purchased a small company in Portugal in 2016 and, moreover, when we transferred manufacturing to Fontanar in 2019.

The major challenge in this area is integrating the specificities of chemical management into the culture of the entire organisation, and we took several important steps in this regard in 2022. Firstly, our safety advisor continued to provide chemical handling training to the most exposed groups. We also began developing a Hazardous Goods Manual with our safety advisor to extend knowledge to different levels of the organisation. Furthermore, we purchased the JMTChem computer application, which, in addition to creating all the Safety Data Sheets (SDS) for the products manufactured and checking the SDS of the corresponding raw materials, will also be used to create labels, manage everything related to transporting dangerous goods, and serve as an interface for exchanging information with stakeholders such as the National Institute of Toxicology.

Furthermore, in 2023, we plan to improve our liquid waterproofing production facilities and carry out a packaging optimisation study, both in purchasing and sales.



PACKAGING

Several past initiatives related to packaging aimed at preserving the integrity of products or the safety of people. However, led by a task force specifically created to tackle the issue of the packaging itself, we worked on some initiatives in 2022 that focused on reducing the packaging put on the market, including removing the side caps from geotextile rolls and the bag from XPS packaging, and reducing the weight of plastic wrapping of various products. With regards to raw material packaging and based on the fact that a large amount of the materials had already been purchased in bulk and stored in silos for some time to minimise both packaging and handling, in this last period we worked specifically on the packaging of liquid waterproofing raw materials since it becomes hazardous waste and managed to reduce it by almost half.

Nevertheless, the most significant milestone in terms of packaging put on the market is Danosa's ENVALORA SCRAP (Extended Producer Responsibility Collective System) membership. Introduced at the beginning of 2022 and developed by CICLOPLAST, this industry initiative to organise and finance the management of industrial and commercial packaging in the chemical, plastics, rubber and construction sectors is promoted by several business associations to cover their partners against the new extended producer responsibility (EPR) requirements of the recently published Royal Decree 1055/2022 on PACKAGING AND PACKAGING WASTE. Danosa has actively participated in creating SCRAP since the beginning and is actually a member of two of the task forces (PLASTICS Sector and CONSTRUCTION Sector) that will define and validate the management models in each area during 2023, until the system comes into force at the end of 2023, as provided for in the Royal Decree.

In addition to continuing to promote the reduction of packaging, in 2023, our organisation will start using packaging that contains recyclates.

RENOVATION



In the latest SDG impact review, and in line with the commitments of the previous period, we significantly increased the relevance of RENOVATION since it directly and positively affects many SDGs, including the four that Danosa considers a priority (taking into account its impact on SDG 12, it contributes 12.2 to more efficient use of natural resources in society). Our strategy for the renovation business is a clear example of SDG 17, as it is based on working collaboratively with many other stakeholders (installers, distributors, renovators, specifications writers, official associations, public administrations, manufacturers of other refurbishment products, etc.).

Danosa's strategic focus to promote RENOVATION is to position itself as an ENTIRE BUILDING ENVELOPE supplier, using a collaborative approach to identify and connect all stakeholders. Alongside technical solutions, we provide the documentation needed to develop projects and access subsidies. We also create the right context by providing training (theoretical and practical) and information to official associations, renovators and installers, as well as seeking partnerships to provide projects with other building elements aligned with sustainability (windows, solar panels, etc.).

To do so, we created several specific marketing channels in 2022 and encouraged the entire sales network in this regard. Furthermore, we provided human resources (four sales and technical specialists) and materials (specific website for ETICS, dedicated renovation section on the general website, interactive solutions manual, etc.), and are looking into incorporating EPS manufacturing into the business. In 2022, we also increased our presence in specialist forums: in addition to all the content on renovation at CONSTRUTECH, Danosa participated in several others, such as REHABILIVING (Seville 2022) and the Renovation Forum 2022 of Spanish specialist magazine METROS CUADRADOS.

Following this example, in 2022, we undertook the renovation of our own facilities in Alcobendas (Madrid), which date back to the early stages of Danosa's expansion and now house the Madrid-North logistics centre and several central services.

THE SOCIAL PILLAR OF SUSTAINABILITY

The four SDGs that Danosa considers a PRIORITY based on our significant impacts are all related to the ENVIRONMENTAL and ECONOMIC pillars. Although SDG 8 does include key social aspects such as employment and work conditions, the targets we identified in the assessment are more linked to sustainable economic growth. Nevertheless, we would like to highlight here some of Danosa's practices and strategies that are directly related to the SDGs most closely linked to social matters:

GENDER EQUALITY



Our equality plan has been agreed with the Works Council since November 2020. We also have an Equality Committee that monitors compliance with the plan and analyses possible improvements. We respect equal opportunities and promote a safe and healthy environment. We also promote the recruitment of women into our workforce, especially in production and logistics, where we currently face the greatest difficulty and social challenge due to these being traditionally male-dominated activities and sectors. In fact, to promote this issue, Danosa has actively participated in a BUILDING CLUSTER task force since 2022, focused on employing women and young people in construction.

EQUAL OPPORTUNITIES



At Danosa, we value senior talent in our company and take advantage of the experience of older people to train and mentor new recruits. We continue to promote the hiring of people with disabilities to ensure compliance with the Spanish General Disabilities Act, regardless of staff turnover or the method of calculation; in fact, we make our commitment to inclusive selection processes visible in all job offers. We also have an agreement with the Association of Special Employment Centres of Madrid (ACEEM) to recruit people at risk of exclusion.

DECENT WORK



Remuneration at Danosa is above the collective bargaining agreement for all positions, with special remuneration for the most unfavourable work conditions.

EDUCATION



We carry out an annual training plan to develop and promote continuous learning in all areas of the company. Furthermore, since 2020, we have made an e-learning platform available to all employees with a wide range of courses on a variety of subjects to promote personal and professional development. We work with the FP Dual (dual professional training) project and professional internships to help young people train and enter the world of work. In addition to collaborating with vocational training centres, we also actively collaborate with a wide variety of universities for both curricular and extracurricular internships, and with local training centres so that students can obtain their qualifications.

HEALTH AND WELLBEING



We have the following initiatives in place to contribute to health and wellbeing:

- Remote working for office or sales employees to promote a better work-life balance.
- Flexitime in office jobs.
- Flexible shifts in production and logistics jobs.
- Promoting task forces and participating in health and safety issues.
- Subsidised canteen service for employees working split shifts in Fontanar.
- Flexible remuneration: medical insurance and training.
- Adequate, agile and effective communication channels for worker queries, information and participation, including the #TEAMINBLUE internal social network to share information and improve transparency and participation of all, and the employee portal to facilitate access to work documentation.
- Competitions and other activities to improve motivation and the work environment.

We identified several new impacts related to the social pillar of sustainability in the latest SGD impact review:

- On the one hand, the negative impact of worsening work conditions in some manufacturing sites linked to high temperatures and the particularly long and hot summer of 2022. In addition to the mitigating measures implemented at the time, we are working to prevent this from happening again.
- On the other hand, the positive impact of the social benefits provided to Danosa employees in 2022 to mitigate the effects of inflation, basically improving the conditions for purchasing basic domestic goods and services.

STRONG INSTITUTIONS



The Danosa CODE OF ETHICS is applicable to both employees and partners and is available on the website.

LOCAL COMMUNITY PARTNERSHIPS



In addition to the aforementioned agreement with ACEEM, we provide an annual donation to the Yunquera Cancer Project to provide physical and psychological support to women with breast cancer.



CULTURAL TRANSFORMATION

For more than two years, Danosa has been immersed in a cultural transformation project that applies to the entire organisation, which aims to promote new values, attitudes and skills that are more in line with our current society and situation.

This project is called META due to the acronym of its four lines of action:

- M** ETAMORPHOSIS
- E** MPOWERMENT
- T** RANSVERSALITY
- A** GILITY



The "metamorphosis" taking place in our organisation is based on a major internal transformation focused on three key pillars: DIGITISATION, INNOVATION and SUSTAINABILITY.

In this context of cultural transformation, there are two projects specially designed to promote and manage TALENT within the organisation, which were developed in 2022 and will come to fruition in 2023:

DANOKAN

The DANOKAN Project promotes a culture of continuous learning to create high-performance teams. It is based on the DANOKAMPUS digital platform, which is essentially a skills and knowledge management school. The content is structured into three training dojos: DIGITAL, TECHNICAL and MANAGEMENT, and there are training pathways for all job positions.



QUEREMOS CONOCERTE + (KNOW YOU BETTER)

This project aims to align the skills and competencies of the Danosa team with the new ways of doing, thinking, leading and interacting in an increasingly changing, fast-paced and competitive environment. To do so, we will identify these new attitudes and behaviours, and provide methods and strategies to achieve them at all levels of the organisation.

APPENDIX I



Building together

SUSTAINABILITY POLICY

At **DANOSA**, we want to contribute to sustainable development by increasing our positive impacts and minimising our negative ones as much as possible, and we want to do this by aligning our business and management with the Sustainable Development Goals.

We are therefore focusing on two strategies, which are at the very core of our business:

- Improving ENERGY EFFICIENCY in construction.
- Promoting a CIRCULAR ECONOMY, primarily in plastics.

To develop these strategies, we are committed to:

- Activity increasingly focused on thermal insulation solutions and other applications that actively contribute to sustainability.
- Increasingly recycled and recyclable products.
- Increasingly committed people.
- Less and more recovered waste.
- Honesty and transparency.



DANOSA
RECYCLING

As part of the corresponding management system, this Policy applies to all commercial and industrial activity of the DANOSA Group in all locations, which generically consists of designing, manufacturing and marketing insulation and waterproofing solutions for the construction industry.

This Policy is available to relevant stakeholders.

2021 Edition. Revision 0.



BUREAU
VERITAS

Bureau Veritas Certification

Certificación

Concedida a

DERIVADOS ASFALTICOS NORMALIZADOS, S.A. DANOSA

P.I. SECTOR 9-19290-FONTANAR-GUADALAJARA-
ESPAÑA

Bureau Veritas Certification certifica que el Sistema de Gestión ha sido auditado y la Memoria de Gestión ha sido verificada y han sido encontrados conformes con los requisitos de la norma:

NORMA DE BUREAU VERITAS
(Revisión 0 Septiembre 2019)

SISTEMA DE GESTION DE LA RSC ALINEADO CON
LOS OBJETIVOS PARA EL DESARROLLO
SOSTENIBLE

El Sistema de Gestión se aplica a:

DISEÑO, FABRICACIÓN Y
COMERCIALIZACIÓN DE SOLUCIONES DE
AISLAMIENTO E IMPERMEABILIZACIÓN
PARA LA CONSTRUCCIÓN.

Número del certificado:	ES127027-1
Aprobación original:	13-01-2022
Certificado en vigor:	13-01-2022
Caducidad del certificado:	12-02-2025

Este certificado está sujeto a los términos y condiciones generales y particulares de los servicios de certificación



DANOSA SPAIN

Factory, Head Offices and Logistics Centre

Polígono Industrial. Sector 9.

19290 Fontanar, Guadalajara, Spain

Tel.: (+34) 949 888 210 • info@danosa.com