

CORPORATE
SOCIAL RESPONSIBILITY
REPORT

2015



Ercros



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The Corporate Social Responsibility Report for Ercros for the 2015 financial year was approved unanimously by the Company's Board of Directors at its meeting on 28 April 2016.

This report has been prepared in accordance with the social responsibility guidelines published by the Spanish Chemical Industry Business Federation (*Federación Empresarial de la Industria Química Española* - "Feique") in association with Forética, which in turn incorporates the indicators required for certification of an ethical and socially responsible management system in accordance with Ethical and CSR Management System Standard SGE 21:2008.

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Bearing those cases in which the comprehension of the text requires so, all references contained in this document using the male gender will be deemed as indistinctly referring to all persons, men or women, in order to avoid reiteration of terms to facilitate the reading thereof.

Dear shareholders:

This is the fourth corporate social responsibility ("CSR") report to be published by the company in accordance with the guidelines issued by the Chemical Industry Business Federation ("Feique") in association with Forética, and as in the case of the previous editions, it has been audited by Bureau Veritas, which has rated it "excellent".

In December last year, Feique granted our CSR report its Transparency Award, the first time the prize has been awarded. Encouraged by this recognition, we have sought to include two significant improvements in the report for the year 2015.

The first of these is that as from now it will be issued annually, as previously it had been published every two years. The second improvement is the incorporation of comparability of the data it includes for the current year with that of the previous year. As a result, we are incorporating to our CSR report the continuous improvement principles that govern all our actions in the area of social responsibility.

During 2015 the company has adapted its internal regulations and drawn up new policies to comply with legal requirements and new good governance recommendations. The corporate social responsibility policy and our sustainability policy and manual have been updated and new policies have been approved for the appointment of directors and for communication and contact with shareholders, institutional investors and proxy advisors. Four new procedures have been drawn up, and a total of 23 have been revised.

We have also continued with our efforts to disseminate our Code of Ethics, extending the inclusion of an ethical compliance clause to contracts and orders with local suppliers of our local factories and suppliers of goods and services. Personnel hired by the company in 2015 have signed their adherence to the code, just as all existing personnel have already done.

2015 was a good year in terms of reduction in accident rates, both in the case of our own personnel and the personnel of contractor companies providing services at our facilities. In 2015 we returned to the accident reduction trend of recent years, temporarily interrupted in 2014, and our overall frequency indicator, which is the most ambitious measurement because it considers all accidents, with or without days lost, affecting our own workers and those of our contractors, reached an all-time low for the company.

In the field of environmental sustainability, we would highlight the maintaining of the certifications for the management systems we employ based on the most respected international certification standards. During the past year, our emissions index fell by 6.7% compared with the previous year.

We also improved our score on the CDP questionnaire measuring information transparency that assesses company efforts to find solutions and mitigate the effects of global warming, and on the EcoVadis CSR rating designed to achieve improvement in corporate environmental and social practices by taking advantage of the influence of global supply chains.

Our level of compliance with the management codes of practices of the Responsible Care programme was 99.2%, similar to that of 2014, and in the case of the good governance code recommendations approved by the National Securities Market Commission (*Comisión Nacional del Mercado de Valores - CNMV*) on 18 February 2015, our compliance was 92% (98% in 2014). This drop is explained by the more demanding recommendations contained in the new code.

In 2015 we joined a programme promoted by the regional administrations so that employees lacking formal qualifications but who are highly skilled and professionally experienced can obtain an accreditation equivalent to an intermediate or higher level technical certificate. So far, 76 employees at the Sabiñánigo factory have passed the evaluation and accreditation procedure, and 35 employees at the Tarragona Complex have begun the corresponding course.

Over the course of last year our production facilities were visited by close to 800 people. Of particular significance because of the effort they required were the two open days that were held: one at the Aranjuez plant, with the participation of over 200 people, including both employees and their families, and the second at the Cardona factory, with the participation of 13 representatives of the business associations of Cardona and Solsonés.

We are fortunate at Ercros to be able to count on an excellent team of workers. Without their involvement, commitment and dedication it would not have been possible to reach and maintain all that we have achieved. We thank them all for their efforts and their belief in the implementation of the principles of social responsibility that have made us a leader in the field.

Antonio Zabalza Martí

Chairman and Chief Executive Officer, Ercros

Barcelona, 12 April 2016

**INFORME DE VERIFICACIÓN****ERCROS****Bureau Veritas Certification**

Declara que se ha efectuado la verificación de la

Responsible Care CSR Company**Conforme a la Guía de aplicación de la RSC en el Sector
Químico y Ciencias de la Vida de:****ERCROS**

Se ha comprobado que la memoria de responsabilidad social es adecuada y consistente con los indicadores recomendados en la Guía de aplicación de la RSC en el Sector Químico y Ciencias de la Vida (2015).

Como resultado de este proceso de verificación se concluye que:

- ✓ La adecuación, con posibilidades de mejora, de la memoria a los principios fundamentales marcados en la Guía de aplicación de la RSC en el Sector Químico y Ciencias de la Vida.
- ✓ los resultados obtenidos, la involucración de las partes interesadas y la comunicación y transparencia es adecuada con las prioridades fijadas en la Guía de referencia

Conforme a esto Bureau Veritas Certification confirma, para

ERCROS**Responsible Care CSR Company**

la calificación “in Accordance” en el nivel **Excelente**

Fecha de emisión 13 de abril de 2016

Marta Cubero Peralta
Verificador Jefe RSC
Bureau Veritas Certification

La presente Declaración se basa en un Informe de Verificación más detallado puesto a disposición de las partes interesadas.

The Ercros group

The Ercros industrial group ("the group" or "the Ercros group") is diversified into three business segments: the business group associated with chlorine, which includes the Basic and Plastic Chemicals Divisions and which is presented as a strategic business unit, which have chlorine in common; the Intermediate Chemicals Division, focused on the chemical formaldehyde, based on which the other products which compose the division's portfolio are manufactured, and the Pharmaceuticals Division, which is dedicated to the manufacture of active pharmaceutical ingredients ("APIs").

In 2015, the group's output totalled 2.13 million tonnes of products, turnover rose to EUR 618.27 million, and gross operating profit (EBITDA) increased to EUR 32.62 million. Average payroll in 2015 was 1,369 employees, spread over 11 production facilities.

Markets

PVC was the top-selling product in the group's portfolio, followed by caustic soda and paraformaldehyde. These three products account for 35% of total sales.

Ercros holds a leadership position in the main markets in which it is present, and it supplies a wide range of sectors: chemical, construction, wood, paint, food, pharmaceuticals, electrical goods, water treatment, etc.

The company exports almost half its sales (49%) and sells to 108 countries, and in particular to those of the European Union.

The products of its intermediate chemicals and pharmaceuticals divisions account for a significant share of the global market. The group is the world's leading supplier of paraformaldehyde, it is also a market leader in the fusidic acid and fosfomycins segments.

In Europe it tops the sales tables for trichloroisocyanuric acid ("TCCA") and in Spain it leads in the sale of caustic soda and caustic potash, sodium hypochlorite, sodium chlorite, formaldehyde, pentaerythritol and moulding components, and it is the second largest player in the PVC and glues and resins market.

Industrial structure

Divisions	Centres	Products	Applications
Basic Chemicals	Cardona, Flix, Tarragona, Sabiñánigo and Vila-seca I	Caustic potash Caustic soda Chlorine Chloroisocyanurates Hydrochloric acid Sodium chlorate Sodium chloride Sodium chlorite Sodium hypochlorite	Water treatment General industry Derivatives manufacturing Swimming pool General industry Paper pulp bleaching Water treatment Water treatment Water treatment
Plastics	Monzón and Vila-seca II	EDC PVC VCM	VCM manufacturing Construction PVC manufacturing
Intermediate Chemicals	Almussafes, Cerdanyola and Tortosa	Glues and resins Formaldehyde Moulding compounds Paraformaldehyde Pentaerythritol Sodium formate	Wood industry Derivatives manufacturing Electrotechnics Resins Paints Tanning industry
Pharmaceuticals	Aranjuez	Erythromycins Fosfomycins Fusidic acid	Antibiotics Antibiotics Skin infections

The Company

Ercros is the result of the merger on 30 June 1989 between Cros and Unión Explosivos Río Tinto, two centuries-old companies with a great tradition in the Spanish chemical sector. In 2005, Ercros acquired Aragonesas, Industrias y Energía and almost one year later, Derivados Forestales group XXI.

On 2 June 2015, Ercros and Salinas del Odiel sealed a deal for the sale of Electroquímica Onubense, the Ercros subsidiary that owned the Palos de la Frontera factory and the Salina de Huelva concession.

At the date of approval of this report, 28 April 2016, the company's capital totals EUR 34.23 million, formed by 114.09 million ordinary shares of EUR 0.30 par value, which are listed on the continuous exchanges of Barcelona, Bilbao, Madrid and Valencia.

Structure of the board of directors

Director	Position	Type	Committees	Date of renewal
Antonio Zabalza Martí	Chairman and CEO	Executive	—	9-04-10
Laureano Roldán Aguilar	Director	External	Audit	9-04-10
Ramón Blanco Balín	Director	External	Appointments and remunerations	9-04-10
Eduardo Sánchez Morrondo	Director	Independent	Audit and appointments and remunerations	9-04-10
Luis Fernández-Goula Pfaff	Director	Independent	Audit and appointments and remunerations	9-04-10
Santiago Mayans Sintés	Non-voting Secretary	—	—	—

From 1 January 2015 through to the date this report has been approved there have been no changes in the composition of the board of directors. On 20 July 2015 the board agreed to the change in category of director Mr. Ramón Blanco Balín, who has gone from 'independent' to 'other outside' because he has exceeded the uninterrupted term of 12 years allowed for independent directors.

As a result of the loss of his capacity as an independent director, Ramón Blanco Balín ceased to be the coordinating director, a position that was taken up by independent director Mr. Eduardo Sánchez Morrondo.

On 22 January 2015 the following changes were made to the supervision and control committees (the Audit Committee and the Appointments and Remuneration Committee):

- Mr. Antonio Zabalza Martí ceased to be a member of the Audit Committee, and Mr. Eduardo Sánchez Morrondo was appointed in his place.
- Approval was given to the appointment as a member of the Appointments and Remuneration Committee of Mr. Luis Fernández-Goula Pfaff.

Management team

Chairman and Chief Executive Officer	Antonio Zabalza Martí
Chief Operations Officer	José Luis Muñiz Álvarez
Chief Financial Officer	Pedro Rodríguez Sánchez
Director of Basic Chemicals Division	Agustín Franco Blasco
Director of Intermediate Chemicals Division	Jaume Reig Navalón
Director of Plastics Division	José Miguel Falcón Sanz
Director of Pharmaceuticals	María del Carmen Cruzado Rodríguez
Director of the General Secretariat	Teresa Conesa Fàbregues
Legal Counsel	Santiago Mayans Sintes
Director of Administration	Josep Rovira Pujals
Director of Finance	Meritxell Albertí Méndez
Director of Human Resources	Joaquín Sanmartín Muñiz
Director of Systems	Eduardo Gual de Diego
Director of Sustainable Development	Chantal Coll d'Arnaude
Director of Innovation and Technology	Josep Mota Balcells
Director of Integrated Logistics	Francisco Manuel Arce Montaner

From 1 January 2015 through to the date of approval of this report the composition of the management team has not undergone any change.

Sales by divisions

EUR MILLIONS

	Year 2015	Year 2014
Chlorine Related Businesses ¹	385.11	378.29
Intermediate Chemicals	184.33	186.18
Pharmaceuticals	48.83	39.20
Ercros	618.27	603.67

¹ Includes the Basic Chemicals and Plastics Divisions.

Ebitda by divisions

EUR MILLIONS

	Year 2015	Year 2014
Chlorine Related Businesses ¹	13.69	2.22
Intermediate Chemicals	11.84	9.29
Pharmaceuticals	7.09	2.93
Ercros	32.62	14.44

¹ Includes the basic chemicals and plastics divisions.

Consolidated Income Statement

EUR MILLIONS

	Year 2015	Year 2014
Income	627.21	606.80
Revenue	618.27	603.67
Other operating income and changes in inventories	8.94	3.13
Expenses	-594.59	-592.36
Cost of sales	-301.22	-311.04
Personnel	-79.86	-78.81
Other operating expenses ¹	-213.51	-202.51
Ebitda	32.62	14.44
Amortisations	-19.87	-18.89
Impairment of assets	0.00	-0.56
Ebit	12.75	-5.01
Finance results	-6.00	-7.50
Profit/Loss before tax	6.75	-12.51
Profit/loss from discontinued activities	0.00	0.81
Taxes	0.49	5.41
Profit/loss for the year	7.24	-6.29

¹ Includes supplies for EUR 102.41 million in 2015 and EUR 93.76 million in 2014.

Social indicators

	Year 2015	Year 2014
Average headcount (No. of persons)	1.369	1.383
IF	1.67	3.24
Global IFG	3.03	4.80
Absenteeism	4.17	3.11
Emission index	1.058	1.133
Direct emissions of CO ₂ (Mt of equivalent CO ₂) ¹	0.65 ²	0.65
Quality certification activity (%)	100.00	100.00
Environmental certification activity (%)	100.00	100.00
Prevention certification activity (%)	100.00	100.00

¹ Direct and indirect emissions (scopes 1 and 2).

² Pending external verification.

IF:

- Calculation: number of accidents with leave of own personnel × millions of worked hours.
- Purpose: measure the ratio of accidents suffered by own personnel.

Global IFG:

- Calculation: number of accidents with or without leave of own and third-party personnel × millions of worked hours.
- Purpose: measure the ratio of total accidents, with or without leave, suffered by all the people working in the group's factories, whether they belong to the group or not.

Absenteeism:

- Calculation: percentage of lost days ÷ total theoretical days to be worked in the year.
- Purpose: know the percentage of lost days due to non-occupational sickness.

Emission ratio:

- Calculation: volume of most significant pollutants (air, water and waste), a factor that varies based on their danger.
- Purpose: measure the evolution of the company's environmental behaviour.

CO₂ emissions:

- Calculation: in accordance with standard UNE-EN ISO 14064-1:2012 guidelines.
- Purpose: measure the impact of the activity on climate change.

Activity with quality certification:

- Calculation: percentage of centres with the ISO 9001 certification ÷ total centres.
- Purpose: know the stage of implementation of a quality management system in the group.

Activity with environmental certification:

- Calculation: percentage of centres with the ISO 14001 certification ÷ total centres.
- Purpose: know the stage of implementation of an environmental management system in the group.

Activity with prevention certification:

- Calculation: percentage of centres with the OHSAS 18001 certification ÷ total centres.
- Purpose: know the stage of implementation of an occupational risk prevention management system in the group.

× = multiplied ÷ = divided

Mission and principles

The overall purpose of the Ercros group is the consolidation of a solid and long-lasting industrial group that contributes towards the wealth and wellbeing of the company in response to the trust placed in it by its shareholders and that will enable the full development of the personal and professional capabilities of those who form a part of it.

The company carries out its production activity within a framework of maximum safety for people and installations, absolute respect for the environment and total quality for its manufacturing processes, products and its business as a whole, in line with the Responsible Care programme.

The aims of Ercros in the field of ethics and the values established in the social responsibility plan (the "SR" plan) are:

- To internalise within the organisation its values and ethical principles, and
- To achieve a regulatory framework that ensures progress towards the goals of the corporate social responsibility ("CSR") policy.

The main instruments being used to achieve these objectives are: the ethics and social responsibility committee, training, and voluntary external programmes and agreements.

Ercros Ethics and Social Responsibility Committee ("CERS")

The CERS operates as an in-company standing collegiate consultative body, formed by the heads of the sectors of the company directly involved in social responsibility: the general secretariat, sustainable development, human resources, integrated logistics, administration and production areas.

The roles of the CERS include advice to the board on social responsibility initiatives, identification of risks in relation to the matter, and preparation of the social responsibility report.

The CERS meets twice a year. During the first half of the year an initial meeting is held to review the activity of the current year by each area, and a second meeting is held at the end of the year to evaluate the actions that have been carried out and to approve the SR plan with the objectives and actions by each area for the following year.

Social responsibility policy

The company has incorporated the principles of social responsibility as part of the Ercros system of values, and its CSR policy covers among other aspects rules of behaviour in relation to the prevention of criminal acts, sustainable development, gender equality, information and transparency and interaction with the social, environmental and economic reality of which it is a part.

On 18 February 2016, the board of directors approved a new CSR policy with contents adapted to the 54th recommendation on good governance approved by the National Securities Market Commission ("CNMV") on 18 February 2015.

This policy is developed in rules, policies, plans and procedures that implement in their respective areas the principles governing actions by Ercros.

Code of ethical conduct ("Code of Ethics")

The Code of Ethics defines the principles and rules of ethical conduct that must govern the actions of those performing their professional activity in the company, including the members of the board and the management committee, as well as those persons working to outside contractors during the time they provide their services to the company.

The Code of Ethics covers aspects such as non-discrimination and equality of opportunity, conflicts of interest, limits on gifts and special benefits, prevention of bribes and corruption, safeguarding of confidential information, data protection, etc.

Since the approval of the Code of Ethics, Ercros has carried out awareness campaigns targeting the company's priority stakeholders. During 2015, everyone joining the company signed their commitment to the code (the rest of the employees already having done so in 2014). During 2015 the company extended the implementation of the clause on compliance with the code to virtually all transactions performed with providers of logistics services and local suppliers of goods and services (*see chapter 8. Supply chain / Suppliers and contractors*).

The company also operates an ethics channel, a procedure that establishes the mechanism for reporting alleged breaches of the rules included in the Code of Ethics. On 26 January 2015 a report was made through the ethics channel that was processed and resolved following the established procedure.

The Audit Committee, and the internal audit service through delegation, is the body responsible for ensuring compliance with the Code of Ethics, and handling and resolving the reports submitted via the ethics channel. This committee also ensures the confidentiality of the facts reported, ensuring that there are no reprisals against the persons making the reports.

Ercros also possesses rules on behaviour in relation to the stock market that includes best practices to protect investor interests.

Corporate policies and internal procedures

Ercros has implemented the following corporate policies based on the company's CSR:

- Policy on sustainability (*see chapter 7. Environment*).
- Policy on energy (*see chapter 7. Environment*).
- Policy on equality and non-discrimination (*see chapter 5. Human resources*).
- Policy on work-life balance (*see chapter 5. Human resources*).
- Policy on communication (*see chapter 11. Communication and dialogue*).
- Policy on Board selection (*see chapter 5. Human resources*).
- Policy on communication and contact with shareholders, institutional investors and proxy advisors (*see chapter 6. Shareholders and investors*).

In addition, the company draws up plans for the following on an annual basis:

- CSR Plan.
- Sustainability Plan (*see chapter 7. Environment*).
- Equality Report (*see chapter 5. Human resources*).

Ercros draws up internal procedures to ensure compliance and efficient implementation of internal regulations. In 2015 the revision took place of the crisis communication procedure (*see chapter 11. Communication and dialogue*); 10 integrated logistics procedures for suppliers and contractors (*see chapter 8. Supply chain / Suppliers and contractors*); the sustainability policy and manual, and seven general sustainability procedures, and four new general procedures were written for accident prevention and the environment (*see chapter 7. Environment*).

Voluntary external programmes and agreements

CSR policy is aligned with external programmes and regulations to which the company has adhered on a voluntary basis, which are more ambitious in their objectives than those established in existing legislation, such as:



- The Responsible Care programme for the chemical sector. This programme is a voluntary global initiative by the global chemical industry, which in Spain is promoted by the Spanish Chemical Industry Business Federation ("Feique"). Ercros is a benchmark company in the implementation of the international Responsible Care programme, of which it has been a member since 1994. In 2015, the company's level of compliance with the codes of management practice under the programme was 99.2% (99.7% in 2014), above the average for participating Spanish companies as a whole.
- The UN's Global Compact programme, in which Ercros has been participating on a voluntary basis since 2000, the purpose of which is to ensure corporate commitment to social responsibility by means of the introduction of 10 universal principles in the fields of human rights, working conditions, respect for the environment and the fight against corruption. The report for 2014, published in 2015, has been classified in the "advanced" category.
- Sustainable management systems. At its production facilities, Ercros applies environmental management systems (ISO 14001, ISO 14064, ISO 50001 and EMAS standards), quality standards (ISO 9001) and accident prevention (OHSAS 18001), and they are certified annually by an accredited body.
- The new Code of Good Governance, in force since February 2015. Of the 64 recommendations included in that code, Ercros complies fully with 45, partially with four, and justifies eight. The remaining seven do not apply to it. As a result, the level of compliance with the code's recommendations has been 92%, compared with 98% in 2014. This reduction has been explained by the greater demands of the recommendations included in the new code.
- The XVIIIth Collective Bargaining Agreement for the Chemical Industry for 2015-2016 (*see chapter 5. Human resources*).
- The guide for the application of CSR in the chemicals and life sciences sector, promoted by Feique in association with Forética.

In 2015 the group published the third edition of its CSR Report for the 2013-2014 period, based on the indications contained in this guide. The report was audited by Bureau Veritas, which again granted it a rating of "excellent", and it was the beneficiary of the first Transparency Award to be granted by Feique in association with the Chemical and Society Forum (*Foro Química y Sociedad*).

- The CDP questionnaire. This worldwide independent organisation evaluates the efforts made by companies to find solutions for and mitigate the effects of global warming by means of communication and transparency. In 2015, in the category of information transparency, the company obtained a score of 87 points out of 100, five points more than in 2014, and three points above the average for the sector.
- The EcoVadis CSR rating, designed to improve company environmental and social practices by taking advantage of the influence of global supply chains. In 2015 the company improved its "gold" rating by two points to 64 out of 100, placing it among the top 2.5% of all participating companies.

In addition to those agreements and initiatives we have mentioned, in 2012 Ercros entered into a voluntary agreement for environmental protection and emission control in the Spanish chlor-alkali sector. The signatories to the agreement have agreed that when it expires they will keep in effect the emission limits it includes and the obligation for external audit of mercury emissions, as well as holding annual follow-up meetings (*see chapter 9. Customers and consumers*).

In March 2014 Ercros signed up to the declaration of the International Federation of Industrial Energy Consumers ("IFIEC Europe"), whereby 136 companies representing the European manufacturing sector have requested the European Union to harmonise industrial energy and climate change policies among member countries as a way of encouraging regulatory stability and promoting industrial investment, innovation and employment.

Partnership

The company maintains a direct and active participation in various business organizations, (sectoral and/or territorial), such as:

- Organizations in the chemical sector: Spanish Federation of Chemical Industries ("Feique"); Catalan Chemical Industry Federation ("Fedequim"); AEQT, ChemMed and Aragón Federation of Chemical Industries and Plastics ("Feqpa").
- Product manufacturers organizations: Spanish Chlorine Producers Association ("ANE"); European Association of Chlorine Producers ("EuroChlor"); Cicloplast; European Association of Formaldehyde Producers ("Formacare"); European Phenolic Resins Association ("EPRA"); Spanish Generic Medicines Associations ("Aeseg") and International Methanol Producers and Consumers ("Impca").
- Local business organizations: Chambers of Commerce, Industry and Navigation of Barcelona, Huesca, Tarragona and Tortosa; Fomento del Trabajo Nacional; Ebro Region Business Association; Aragón Business Association ("CEOE Aragón"); Huesca Business Association ("CEOS") and Cinca Medio Intersectoral Business Federation ("CEOS-Cepyme Cinca Medio").
- Business Associations Discussion Panels: Partnership for Progress and Management ("APD") and Círculo de Economía de Barcelona.

Management model

Ercros has developed and consolidated a uniform management model for its human resources at all its facilities that is in line with the existing industrial context and business environment in which it carries out its activities.

The aims of this model are to provide the men and women working in the company with the unrestricted ability to develop their full potential and to adapt their level of training to the needs of the business.

According to the terms of the Ercros RS plan, the social responsibility objectives that have been established in relation to the payroll personnel are as follows:

- To achieve the involvement and commitment of the personnel to the company's social responsibility aims.
- To promote the personal and professional development of those working in the company.
- To provide a safe working environment, without discrimination or coercion, and in terms of equality of opportunity.

The instruments at the disposal of the company so that it can achieve these objectives include: collective bargaining agreements, works joint committees, training programmes, communications channels, the workplace health and safety management system and satisfaction surveys.

Regulatory framework

The framework for labour relations at Ercros is the collective bargaining agreement for the chemical industry, and legislation on the matter. The XVIIIth Collective Bargaining Agreement for the Chemical Industry covering the 2015-2016 period came into force on 19 August 2015.

The external legislative framework of reference on the matter of equality is made up of the Equality Law, Principle Six of the Global Compact, and chapter XVII on equality of opportunity in the Collective Bargaining Agreement. The reference framework for equality in internal regulations is the CSR policy that includes the following policies, procedures and specific instruments:

- Policy on equality and non-discrimination. This policy incorporates equality of opportunity in the running of the company, promotes actions that contribute to effective equality, guarantees non-discrimination, and warns against and punishes sexual harassment. This policy was updated on 21 December 2015.
- Policy on work-life balance. This policy facilitates the adoption of measures to achieve balance between personal and work life and takes care to ensure there are no repercussions or discrimination when anyone takes advantage of any work-life benefit. This policy was updated on 21 December 2015.
- Equality plan. This plan seeks to integrate equality of opportunity and treatment for men and women as a basic principle underlying the company's actions, at the same time as including this principle in internal management policies, and in particular policies with an impact on those working in the company. To do so, it performs a diagnosis of the equality situation. Every year the company reports on the development of the plan, and on the basis of its evaluation, improvement measures are defined.
- Rule 4.3 of the Code of Ethics deals with equality of opportunity and non-discrimination, and rule 4.4 deals with ethical conduct in relation to work-life balance.
- Ethical channel procedure. This channel is used to report sexual harassment or sexual discrimination, and such reports are granted urgent handling.
- Manual on prevention of sexual harassment and bullying. The aim is to ensure a healthy workplace that is respectful and free from any situation of sexual harassment, for reasons of sex or psychological or bullying reasons, and seeks to guide the company in its actions on these matters, providing guidelines to assist in identifying and preventing the various forms that harassment in relation to sex or bullying can take. This manual was updated in December 2015.
- Manual on use of non-sexist language. This seeks to ensure image and written and oral language neutrality in the company, guiding and providing suggestions to company personnel on the use of language that is respectful of human diversity, without renouncing the need for clarity and precision.
- Committee for equality of opportunity and non-discrimination. This is the body responsible for implementing the equality plan, ensuring compliance with it, and providing information on the development of the right to equality of opportunity and non-discrimination. It consists equally of men and women, and is made up of legal worker representatives and representatives of the company. In 2015 the committee met once, among other reasons to analyse the equality report for the previous year and inform on the operation of the ethical channel as regards equality and non-discrimination matters, and on the training delivered on the matter of prevention, detection and action in the face of sexual harassment, and equality.

Evolution of the headcount

In 2015 the average headcount of the Ercros group was 1,369, 1% less than in the previous year. At the end of the year, the group's headcount stood at 1,349, 28 employees fewer than in 2014, mainly as a result of the sale of the Palos de la Frontera plant in June 2015.

In 2015, 94.6% of the average headcount total was employed on an indefinite basis and there were descriptions for 100% of the job positions, following the job description task performed in 2015 for all the positions in the company.

The reduction in the headcount has not meant any change in the personnel structure since 2014, whether analysed by work category or gender. The group of operatives and assistants makes up 42% of those working at Ercros, technical personnel account for 43% and administrative personnel make up the remaining 15%.

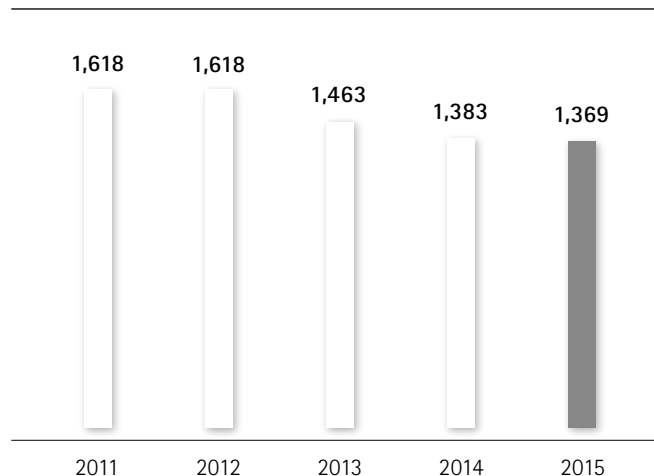
Women represent 14% of the headcount, the same percentage as in 2014, and mostly carry out technical and administrative tasks.

In 2015, the number of women in management remained at five, but the percentage of women on the management team has risen slightly, to 16.1% in 2015 to 15.6% in 2014 as a consequence of the drop in the number of male managers, from 27 to 26.

Ercros was a finalist among the companies in the Spanish chemicals sector competing for the 2015 Randstad attractive employer awards that assess the financial position of companies, their future outlook and their work environment. Winners are chosen on the basis of a questionnaire sent to 200,000 people in 23 countries, including 11,500 in Spain.

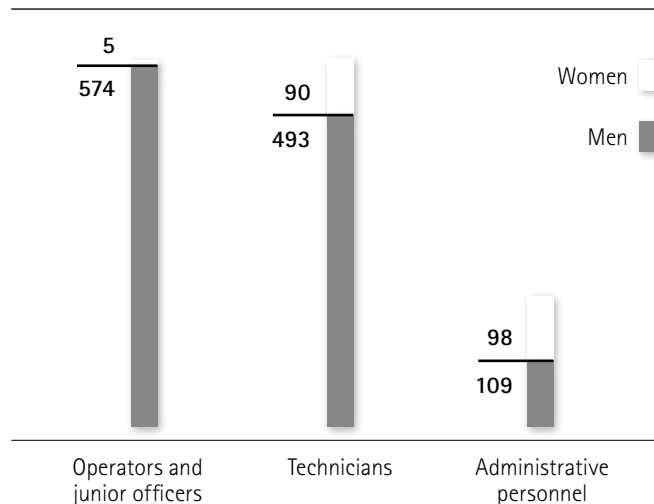
Evolution of the average headcount

NUMBER OF EMPLOYEES



Distribution of the headcount by gender

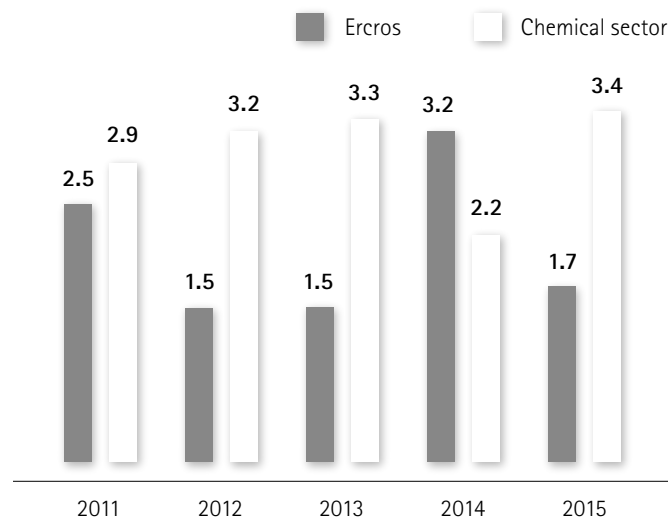
NUMBER OF EMPLOYEES



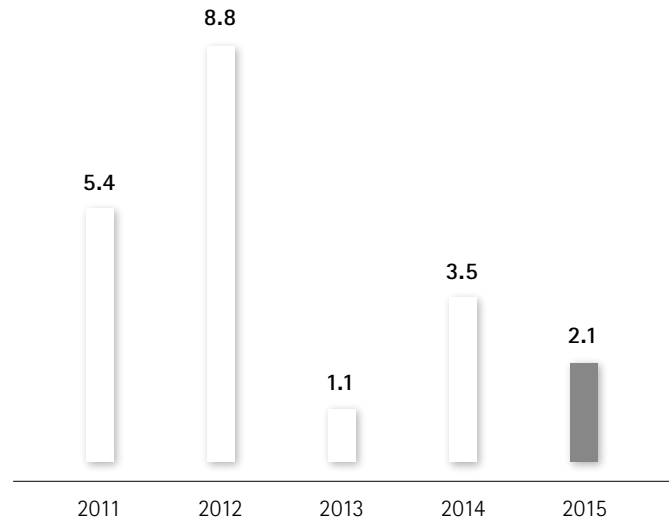
Average headcount by category and gender

NUMBER OF PEOPLE

	Year 2015			Year 2014		
	Total	Men	Women	Total	Men	Women
Technicians	583	493	90	587	497	90
Administrative personnel	207	109	98	204	111	93
Operators and junior officers	579	574	5	592	587	5
Total	1,369	1,176	193	1,383	1,195	188

Accident frequency rate ¹

¹ Accident frequency rate = number of accidents with leave of own personnel × millions of worked hours.

Accident frequency rate on contractors ¹

¹ Accident frequency rate = number of accidents with leave of own personnel × millions of worked hours.

Ercros makes no gender discrimination in its personnel selection process, its salary policy or its functional policy. Nevertheless, the presence of women in the company is below the desirable level for the headcount and for the board, on which there are no women at present. The company hopes that implementation of the equality plan and the generational replacement will lead to gender parity on the headcount, and that the renewal of the board, planned for 2016, will favour gender diversity during the process for selection of new board members, as indicated in the policy on board appointments approved on 18 February 2016.

The company meets its target for the hiring of 2% of personnel with a disability of 33% or more. This percentage is met through direct hiring –in 2015 there were 14 people in that situation on the headcount (16 people in 2014)– and through the contracting of services from special employment centres.

In addition to the activity we have described, in 2015 union elections were held at the Almussafes, Cardona, Vila-seca I and Vila-seca II sites with an overall result of 17 representatives for the UGT, nine for the CCOO, three for USO and one for the CGT.

Ercros has continued with its annual campaigns for volunteer food collection and charity bottle-top collection, and in addition, some work centres carried out campaigns for the recycling of aluminium cans, mobiles and batteries (*see chapter 10. Contribution and cooperation with society*).

During the year, a review took place of the policy on work-life balance, procedures for the administration of training programmes and the manual for the prevention of sexual harassment and bullying (*chapter 5. Human resources*).

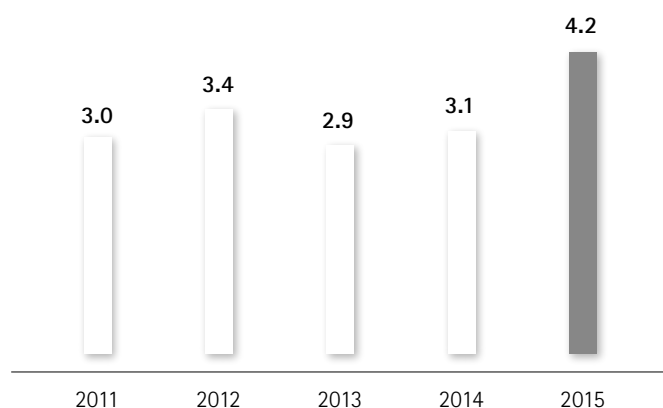
Accident rate and prevention

In 2015 there were four accidents with days lost involving own workers (compared with eight accidents in 2014).

The group accident frequency rate, which measures the number of accidents with days lost by own workers for every million hours worked, was 1.7 (down from 3.2 in 2014). The overall accident frequency rate, which measures the total number of accidents –with and without days lost– by own workers and external workers for every million hours worked, was 3.0 (down from 4.8 in 2014). With these figures, Ercros has returned to the downward accident trend of recent years, which was temporarily interrupted in 2014, and it has now reached the lowest level ever recorded by the company.

In 2015 the Feique integrated safety committee awarded the Tarragona Complex its Feique 2014 "Seguridad Plus" Prize, and the Sabiñánigo centre was awarded the Feique 2014 Safety Prize as it recorded no accident with or without days lost during the year. In 2016 the Aranjuez and Almussafes centres will collect the 2015 Feique Safety Prize.

Absenteeism rate ¹



¹ Absenteeism rate = Hours of absenteeism (as per the definition of the chemical industry collective bargaining agreement) divided by the total possible number of workable hours times 100.

As at 31 December 2015 the Barcelona centre recorded 23 uninterrupted accident-free years for its own personnel; Tarragona posted 17; Cardona 14, Vila-seca I 10, and those of Aranjuez, Tortosa, Almussafes and Monzón one year.

The work force absenteeism rate, defined as per the parameters of the chemical industry bargaining agreement, was 4.2% (up from 3.1% in 2014). This upturn in absenteeism took place after four consecutive years in which this indicator had stabilised at around 3%. To return absenteeism to lower levels, Ercros has begun a study of its causes, and corrective measures will be implemented based on the conclusions that are reached.

Every year Ercros carries out vaccination and workplace safety information campaigns, the latter addressed to all personnel, both company and contracted, designed to prevent accidents.

The company also annually carries out campaigns on health monitoring, healthy habits and control of exposure to risks as laid down in regulations. In addition, each site performs epidemiological controls for the most frequent pathologies.

Over the course of 2015 a total of 214 people were vaccinated against influenza, and 39 people receive tetanus and diphtheria vaccinations. Campaigns were organised on life styles (food and exercise), cardiovascular risk, diabetes, stress, back care and prevention of muscular disorders with the participation of 626 people. The campaign also provided training to 1910 people on the use of defibrillators, first aid and emergencies, specific workplace risk, work leaves, reclassification of formaldehyde and crisis communication.

Management and risk control system

All Ercros facilities have their workplace health and safety management singular-certified under OHSAS 18001:2007 (Occupational Health and Safety Management Systems), and this certification was renewed in 2015.

Over the course of 2015 the following developments took place in the company's outstanding lawsuits, and Ercros received four fines in relation to work risk prevention:

- On 16 March 2015, the Madrid Supreme Court dismissed the appeal for reversal filed by Ercros against the ruling on 30 December 2013 by the No.27 Madrid Labour Relations Court ordering it to pay as jointly and severally liable compensation for damages to a worker from the no longer existing company Sociedad Anónima Cros, in the amount of EUR 122,604.67.
- On 25 June 2015, the insurance company and Ercros signed at the Getafe (Madrid) criminal court a definitive settlement for the compensation of the families of the three persons killed in a work accident that took place at the Aranjuez plant on 10 April 2008.
- On 13 February 2015, the Tarragona Provincial Labour and Social Security Inspectorate imposed a fine of EUR 2,046 on the company for its joint and several liability in breaching regulations on the use of workplace safety equipment, following the accident that took place on 23 March 2014 that affected a worker at the Tortosa facility.
- On 15 January 2015, the Barcelona Provincial Labour and Social Security Inspectorate imposed a fine of EUR 2,046 on the company for its joint and several liability in breaching regulations on workplace risks, as a result of the accident that took place on 5 July 2013 at the Cerdanyola facility.
- On 9 February 2015, the Barcelona Provincial Labour and Social Security Inspectorate imposed a fine of EUR 2,046 on the company for its joint and several liability in breaching regulations on the use of workplace safety equipment, following the accident that took place on 10 April 2010 at the Cerdanyola facility.
- On 25 September 2015, the Tortosa Provincial Labour and Social Security Inspectorate imposed a fine of EUR 8,195 on the company for its joint and several liability in breaching regulations on the use of workplace safety equipment, following the accident that took place on 31 March 2015 at the Flix site. This penalty is currently pending confirmation because the accident is being dealt with in court and a ruling has not yet been handed down.

Training

The competitiveness of Ercros depends to a large extent on the professional skills of its headcount, and the potential for development and growth of the persons who go towards making it up.

Training is a priority element of human resource policy at Ercros, and reflects the company's commitment to ensuring that the personal expectations of its members can be made compatible with the needs and possibilities of the company.

Safety, the environment and personal and professional development are the areas that receive the most attention in the company's training programme.

During the year, 4,838 people received training, for a total of 28,798 class hours, spread over 380 courses, representing an average of 21 hours of training per person (in 2014, 32,958 hours spread over 414 courses with an average of 24 hours of training per person). 301 of these courses received no subsidy, while the remaining 79 received subsidies through the Tripartite Foundation for Employment Training (FTFE). Spending on training in 2015 was EUR 126,730.07 (EUR 116,405.13 in 2014). Goods and services companies' personnel received 1,355 hours of training.

In 2015, 76 employees of the Sabiñánigo factory obtained their professional skills certification in "basic chemical plant operations" equivalent to an intermediate level chemical industry certificate. These employees were required to approve an evaluation and accreditation procedure ("PEAC") carried out by the Gobierno de Aragón, in association with Feqpa and Ercros.

In addition, 35 employees from the Tarragona Complex have begun the professional skills certification course with the intention of obtaining an official higher level qualification certificate in industrial chemicals granted by the Comte de Rius Institute, under an agreement entered into between the AEQT and the Department of Education of the Generalitat de Catalunya on 16 April 2015.

The company has entered into 51 agreements with educational establishments for the holding of work experience internships at its facilities. In 2015, 52 students on professional training, degree and postgraduate courses took advantage of this possibility (55 students in 2014).

The Tarragona Complex also participates in the agreement between the AEQT and the mentioned department of education for the delivery of courses on administration and finance under a dual vocational training regime for students of the Joan XXIII institute in Tarragona.

Periodically Ercros holds official emergency drills with its own employees and those of contractors that are audited by an outside company, as well as internal drills and drills in association with other neighbouring organisations and companies. In 2015, 21 official drills were carried out (22 in 2014), 37 internal drills (48 drills in 2014) and five drills in the framework of the Ceret agreement for the providing of assistance in the event of accidents on the highway (six drills in 2014).

The training committee prepares an annual training plan. This committee is formed by company management and a workers' representative. The unions also participate on the corporate health, safety and environment committee and the health and safety committees corresponding to each work site.

During the last year, the induction manual for new employees was updated, and an induction manual was prepared for the Tarragona and Monzón industrial sites.

Corporate Governance

Ercros adopts best practices to keep its shareholders and the market informed, promote transparency and sound operation of markets and protect the interests of investors in the company in relation to confidentiality of information, privileged information, conflicts of interest, self-trading and share price manipulation.

On 18 February 2016, the board of directors gave its approval to two new corporate policies in relation to good governance: the policy on selection of directors and the policy on communication and contact with shareholders, institutional investors and proxy advisors, and these are now available on the company's website.

The company pays special attention to the adaptation of its internal regulations to legal requirements and good governance recommendations.

Each year Ercros publishes its Corporate Governance Report ("IGC") and its Director's Remuneration Report ("IRC"), the contents of which are regulated by law. The IGC includes an explanation of the level of compliance with the recommendations contained in the Code of Good Governance ("CBG") (see chapter 4. *Ethics and values*).

The company is currently working on changes to internal regulations on conduct in relation to matters concerning the securities market and on the drafting of new policies based on regulatory developments and the recommendations of the new CBG.

Governance bodies

General Shareholder's Meeting

This is the company's senior decision-making body for those matters falling within its field of competence; it represents all shareholders and its decisions are binding on all shareholders. All shareholders holding at least 10 shares may attend board meetings.

The company encourages shareholders to participate at meetings, voting by proxy and remotely by post and electronic means.

In 2015 the company held two General Shareholders Meetings, one extraordinary and the other mandatory, and remunerated shareholders with an attendance bonus of a gross EUR 0.003 per share.

On March 6 2015 an extraordinary meeting was held, summoned at the request of the holders of 5.4% of the capital stock. At this meeting approval was given to all the proposals submitted by the board of directors in relation to the amendment of the corporate by-laws to comply with recent changes in legislation, and rejection took place of all the motions submitted by the mentioned group of shareholders calling for an end to the revoking of the delegation to the board of the power to increase capital and issue bonds with the exclusion of the pre-emptive subscription rights, an increase in the number of board members, and the appointment of directors. The meeting was attended by 10,708 shareholders holding 69.99 million shares, representing 61.3% of the subscribed capital with voting rights, of whom 8.7% were present and 52.6% were represented.

The Ordinary General Meeting was held on 30 June 2015, with an agenda that included new proposals by shareholders accounting for 3.1% of the capital stock. This meeting approved all the proposals submitted by the board, which included among other standard approvals, the adaptation of internal regulations to the latest changes in the law, an advisory vote on directors' remuneration and approval of the maximum annual remuneration for directors in the 2015 financial year, while all the motions submitted by the mentioned group of shareholders were rejected, including a request for the resignation of independent director Mr. Ramón Blanco Balín, approval of a general policy on the shareholders' meeting attendance bonus to exclude the payment of the bonus for extraordinary meetings, and a reduction in the annual remuneration of the directors as a whole. The meeting was attended by 9,999 shareholders holding 72.01 million shares, representing 63.1% of the subscribed capital with voting rights, of whom 8.8% were present and 54.3% were represented.

Board of Directors

This is the highest decision-making body of the company, except in the case of those matters that are the exclusive competence of the General Meeting of Shareholders. Its fundamental role is to exercise the governance of the company and supervision of the company's performance. The basic criterion underlying its actions is the maximising of the value of the company.

The Board of Directors of Ercros is made up of five members: two independent directors, one executive director, and two directors in the category of 'other outside directors'. There are no female members of the board. The company hopes that renewal of the board in 2016 will give consideration to the need for gender diversity.

On 20 July 2015, the Board of Directors agreed to the change in category of director Mr. Ramón Blanco Balín, who has gone from 'independent' to 'other outside' because he has exceeded the uninterrupted term of 12 years allowed for independent directors. As a result of the loss of his capacity as an independent director, Mr. Ramón Blanco Balín ceased to be the coordinating director, a position that was taken up by independent director Mr. Eduardo Sánchez Morrondo.

In 2015 the board met on 10 occasions, nine with the physical presence of the directors and once by means of a conference call. Six meetings were attended by all directors, and at the remaining four the absent director voted by proxy through a non-executive director.

Audit Committee

On 22 January 2015, the Board of Directors approve a change in the composition of the committee to comply with the terms of Article 529, section 14 of the Capital Companies Act (*Ley de Sociedades de Capital*), an amendment incorporated by Law 31/2014.

As a result, chief executive officer Mr. Antonio Zabalza Martí ceased to be a member of the committee, and Mr. Eduardo Sánchez Morrondo, an independent director, was appointed in his place. Following this change, the Audit Committee has consisted of three directors appointed by the board, two of whom, including its Chairman, are independent.

The Audit Committee held four meetings in 2015, which were attended by all its members. The internal audit service reports to this Audit Committee.

Appointments and Remuneration Committee

On 22 January 2015, the Board of Directors approved the inclusion as a member of independent director Mr. Luis Fernández-Goula Pfaff, thus increasing the number of members from two to three, to comply with the terms of Article 529, section 15 of the Capital Companies Act, an amendment incorporated by Law 31/2014.

Following the change in category of Mr. Ramón Blanco Balín, as explained above, the Appointments and Remuneration Committee is now made up of two independent directors, including its Chairman, and one director included in the "other outside" director category.

In 2015 the committee held four meetings, attended by all its members.

Transparency of information and communication with shareholders

Over the course of 2015, Ercros has fulfilled its obligations as a listed company and has filed 26 stock market announcements and its annual reports (the Economic and Financial Report, Corporate Governance Report, the Report on the Remuneration of Directors, and the CSR Report) through publication at the CNMV and on the corresponding menus of its corporate webpage.

On 11 December 2015, Ercros was awarded the first Transparency Prize granted by Feique in association with the *Química y Sociedad* Forum. This award was made in recognition of the quality and transparency of the CSR report published by the company and covers all actions, processes and decisions on the matter of social responsibility.

In 2015 the Shareholders' Office, responsible for channelling relations with Ercros shareholders, answered 308 requests for information, of which 180 were made through telephone calls, 121 by email, and 7 at meetings. Over the course of the year, 19 informative notes were sent out by post or email to the 238 shareholders that had requested them, having completed the corresponding form.

The Catalan version of the corporate webpage (www.ercros.es) was presented in 2015. This webpage includes a specific menu: 'Shareholders and Investors,' with various sub-menus providing information for shareholders and investors. In 2015 this menu and its sub-menus were adapted so as to comply with Circular 3/2015 of 23 June released by the CNMV on technical and legal specifications and information to be included in the web pages of listed corporations. This menu, or some of its sub-menus, received 15,624 visitors during the year.

The website also includes the possibility of receiving a regular newsletter with news about Ercros. In 2015 eight newsletters were sent to 576 recipients.

During the period between the call to meeting and the holding of the shareholders' meeting, through its webpage Ercros enables shareholders to vote or delegate their vote by electronic means, and to participate on the electronic shareholder forum.

Share performance

Ercros ended the 2015 financial year with a market capitalisation of EUR 70.28 million (EUR 44.12 million at the end of 2014), the highest year-end market capitalisation for the last five years. At 31 December 2015 the company's share price reached EUR 0.62, a 56.7% revaluation compared with the previous year.

During the first half of the year the share price remained at levels close to those reached at the end of 2014 (within a range of between EUR 0.39 and 0.45 per share), but as from July it showed strong gains, at one time rising to 120% of the 2014 closing figure.

The highest price for the year was reached on 2 November EUR 0.86 per share, and 14 July saw single-day share trading volume reach an eight-year high of 5.92 million shares.

The average price of the share was EUR 0.60 (EUR 0.49 in 2014) and the capital turnover rate was 0.81 (0.57 in 2014), the highest figure for the last five years.

Over the course of the year, the Ercros share price outperformed the leading stock market indicators, and by the end of the year the Ercros share was up 56.7% compared with the previous year. The Ibex-35 and the general Madrid Stock Exchange Index ("IGBM") posted a drop of 7% and the basic materials industry and construction index ("ICNS") rose 2%.

Main share-related parameters

	31/12/15	31/12/14	31/12/13	31/12/12	31/12/11
Shares on the stock market (millions)	114.09 ¹	112.23 ²	107.03 ³	101.50 ⁴	100.62
Capitalisation (EUR millions)	70.28	44.12	50.27	40.60	68.42
Shares traded (millions)					
In the course of the year	92.91	63.72	65.49	34.55	63.43
Maximum in one day	5.92	1.48	1.66	1.21	2.31
Minimum in one day	0.02	0.01	0.02	0.01	0.03
Daily average	0.36	0.25	0.26	0.13	0.25
Volume traded (EUR millions)					
In the course of the year	55.99	31.35	32.13	18.62	56.81
Daily average	0.22	0.25	0.13	0.07	0.22
Share price (EUR)					
High	0.86	0.58	0.61	0.74	1.15
Low	0.39	0.37	0.35	0.36	0.66
Average	0.60	0.49	0.49	0.53	0.89
Last	0.62	0.39	0.47	0.40	0.68
Frequency rate (%)	100	100	100	100	100
Liquidity rate (%)	81.43	56.76	61.89	34.04	63.04

¹ 2015 Yearly average = 113.99 million shares.

² 2014 Yearly average = 110.17 million shares.

³ 2013 Yearly average = 103.52 million shares.

⁴ 2012 Yearly average = 100.77 million shares.

Environmental social responsibility

The aims of Ercros in relation to environmental protection included in the Social Responsibility plan are intended to:

- Prevent pollution.
- Reduce energy and natural resource consumption.
- Cut greenhouse gas emissions.
- Ensure better treatment of industrial waste.

In 2015 Ercros spent an amount of EUR 16.41 million (EUR16.42 million in 2014) on actions to protect and improve the environment.

Environmental management tools

The Ercros group sustainability policy provides the reference framework governing its actions on the matter of sustainability and has as its aim the protection of people and the environment, in addition to other fundamental pillars such as product stewardship and meeting customer needs. This policy was updated on 5 November 2015.

Sustainability policy is developed in the sustainability manual, which sets the basic directives for the management system and gives rise to the general corporate procedures forming the foundations for definition of the specific documents for each site. The sustainability report was updated on 5 November 2015.

Ercros operates an energy policy that is based on a commitment to carry out the activities of its production facilities applying sustainable and socially responsible criteria, and that considers sound energy management to be one of the basic principles of management.

In 2015 four new general corporate procedures for sustainability were prepared (two for prevention and two for the environment) and a further seven procedures were revised.

Since 2007 the company has been setting annual targets for prevention, health and the environment in its sustainability plan, which is approved by the Sustainable Development Committee ("Cedes"). The Cedes is the body responsible for monitoring the management and control of sustainability in the company. It is formed by the general director of businesses, the directors of the various divisions, the industrial and plant directors and the directors of integrated logistics, human resources and sustainable development. The latter in turn acts as coordinator and spokesperson for this body. In addition, each work site has its own sustainability committee that monitors compliance with the targets set for its own site.

Ercros carried out the annual audit of compliance with the Responsible Care programme and implemented the programme of cross-sector internal audits (in the case of the integrated logistics management, the review will be carried out in 2016).

Environmental certification

The company adopts environmental management systems at its production facilities that are certified and verified annually by an approved body, based on:

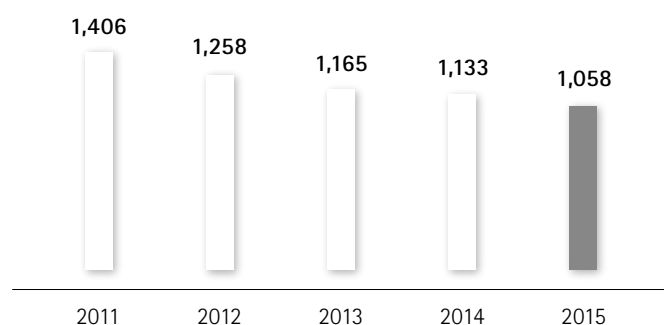
- The UNE-EN ISO 14001:2004 environmental management system standard. Since April 2009 and the groups industrial facilities have been certified under this standard.
- The European Eco-Management and Audit Scheme ("EMAS") registration system. At present all the factories are registered except those of Almussafes, Cerdanyola and Flix. The registration of the Aranjuez plant has been suspended because of the deficiencies detected, which were corrected in 2014, and is awaiting the lifting of the suspension. In 2015 the Gobierno de Aragón and the Generalitat de Catalunya, on behalf of the European Commission, presented awards to the Ercros factories in Sabiñánigo, Monzón, the Tarragona Complex and Tortosa, respectively, for having remained on this register for over five years.
- The UNE-EN ISO 14064-1:2012 standard on specifications for quantification and reporting of greenhouse gas emissions. Certification under this standard was maintained in 2015, and it is used to calculate the group's greenhouse gas emission inventory.
- The UNE-EN ISO 50001 standard on energy management systems that has been implemented at the Vila-seca I, Vila-seca II, Sabiñánigo and Tarragona factories, and will gradually be implemented in the remaining plants.

Indicators

In 2015 the emissions indicator, calculated on the basis of the amount of significant substances emitted into the air and water and the waste generated was 1,058 (1,133 in 2014). Direct and indirect emissions of greenhouse gas emissions (scope 1 and 2), calculated according to the directives of ISO 14064 did not vary between the two years (0.65 million tons of CO₂ equivalent).

Principal environmental indicators

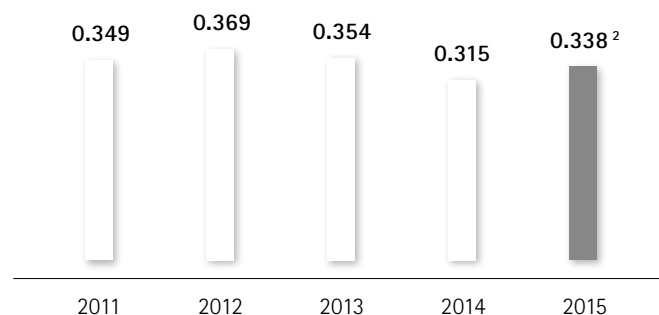
Emissions indicator ¹



¹ The emissions indicator for Ercros is calculated on the basis of the data for emissions into the atmosphere and water and the production of waste at each of the production sites of Ercros, and factors that depend on the products involved.

Greenhouse gas emissions ¹

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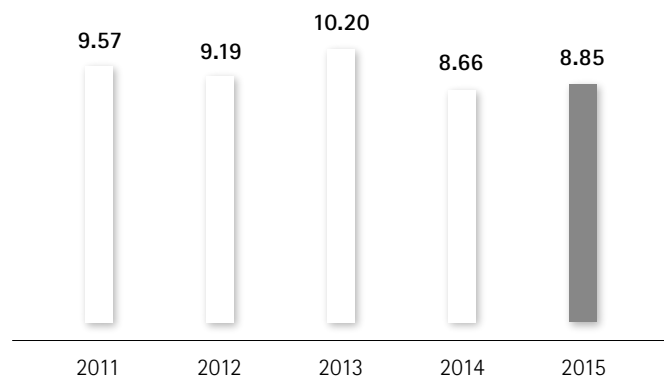


¹ Direct and indirect CO₂ emissions (scope 1 and 2).

² Pending external verification.

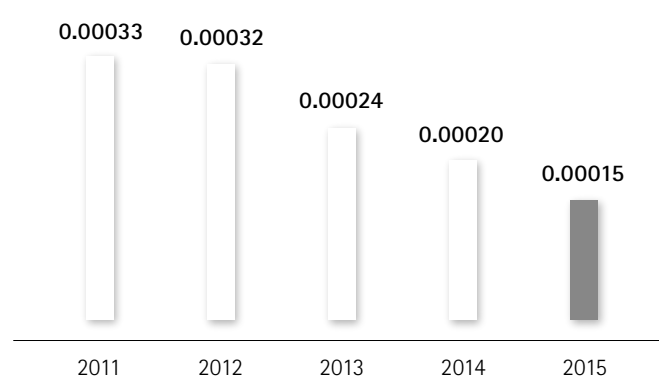
Water consumption

M³/T PRODUCED



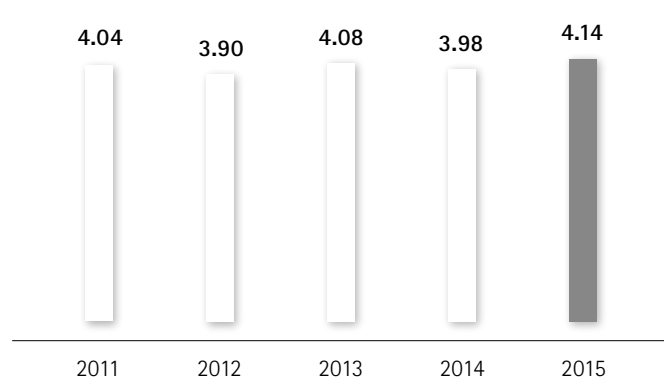
Nitrogen oxide emissions

T/T PRODUCED



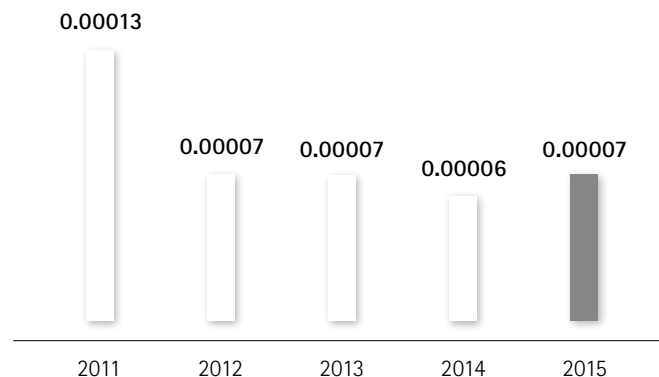
Energy consumption

GJ/T PRODUCED



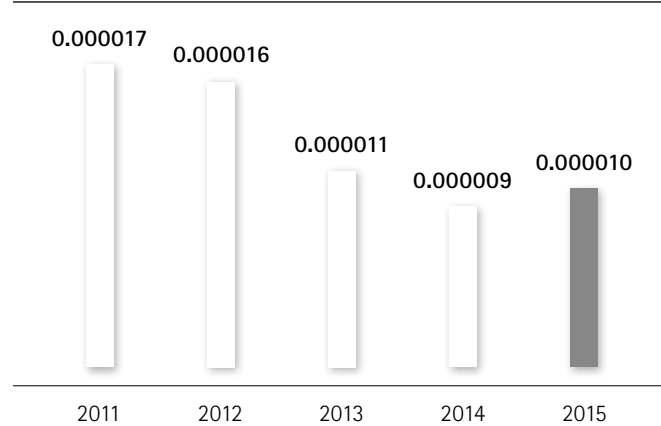
Sulphur dioxide emissions

T/T PRODUCED

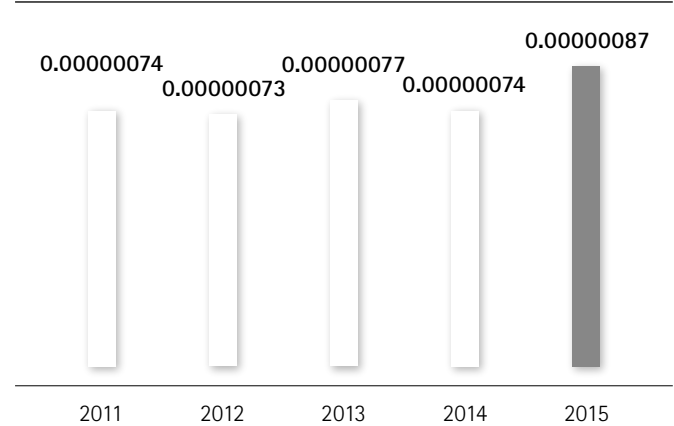


Emissions of particles in suspense

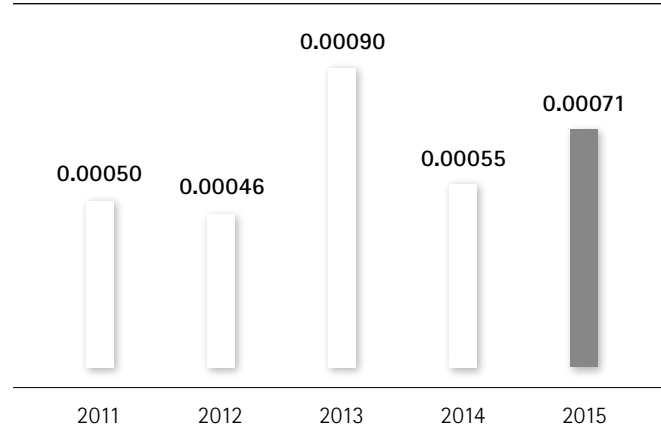
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**Discharges of heavy metals**

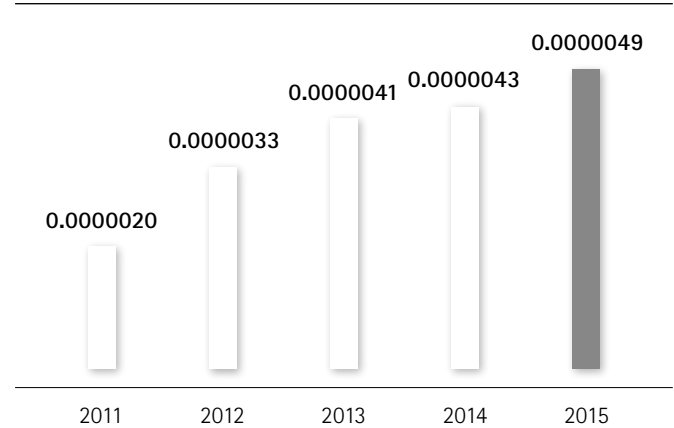
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**Emissions of volatile organic compounds**

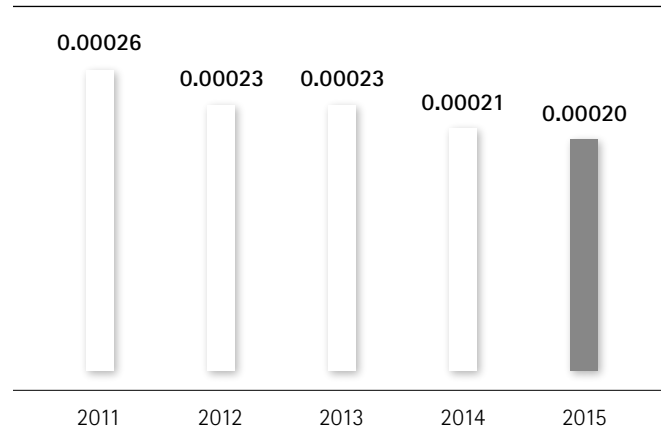
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**Discharges of phosphorous**

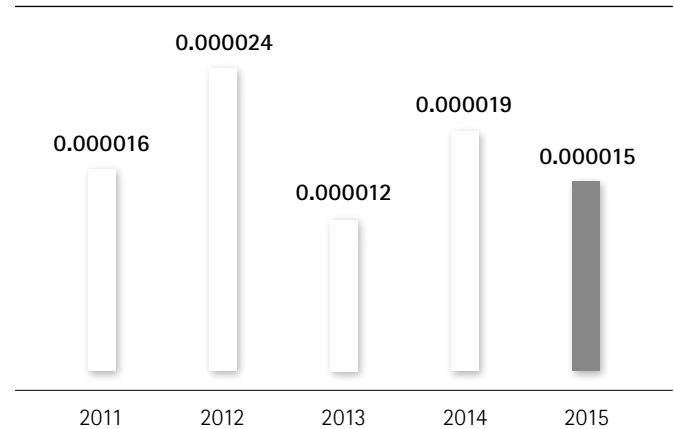
T/T PRODUCED

**Evolution of effluents with chemical oxygen demand ("COD")**

T/T PRODUCED

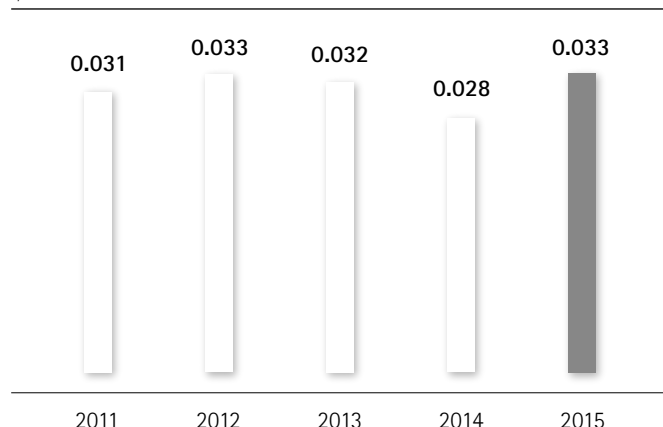
**Discharges of nitrogen**

T/T PRODUCED



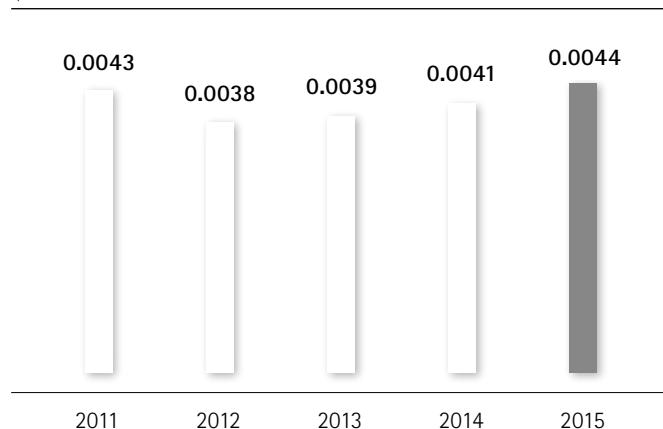
Total waste generated

T/T PRODUCED



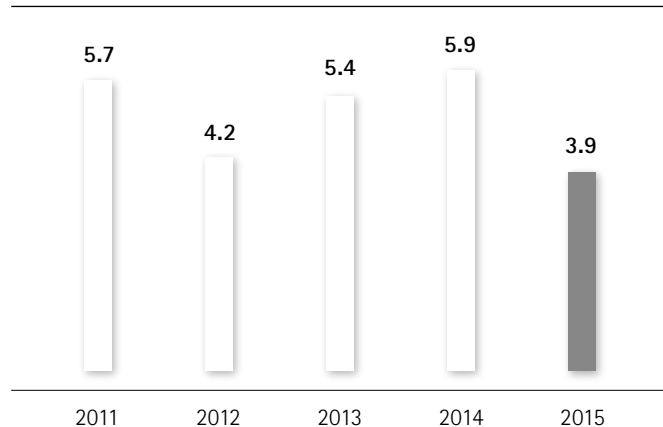
Generation of hazardous waste

T/T PRODUCED



Recovered waste vs. total waste generated

% ON TOTAL WASTE GENERATED



Control of impacts

In 2015 Ercros continued with work on soil characterisation, and remediation where necessary, at the Flix, Vila-seca I, Vila-seca II and Palos de la Frontera factories (the latter being sold on 2 June 2015), and completed the work on soil remediation at the plant sold to Nitricomax in 2013 located in the Tarragona factory. The underground water treatment plant at the Flix plant, placed in operation in 2014, is working correctly according to the plan for subsoil and underground water at this factory that has been approved by the appropriate authority.

In 2015 more than half a million tonnes of salt from the old slagheaps of the potash mines at Cardona and Sallent were treated. This product is used as raw material for chlorine production at other company facilities. By doing so the company contributes to regeneration of the natural surroundings and reduces the saline hydrological impact caused by this waste, as well as being able to use the product obtained.

Since 2008 Ercros has worked the Terrera Vella of Cardona slagheap, from which it has extracted 1.8 million tonnes of salt, which represents 31% of the total salt it contains (5% in 2015).

On 10 November 2015 Ercros received authorisation from the Catalan authorities to carry out a project for recovery and integration into the landscape of the 20 hectares of land released from the elimination of the Terrera Nova of Cardona slagheap. The salt residues have now been eliminated and tests have begun on the planting of the species that will be used to replant the area. This site was worked by Ercros between 1991 and 2012, extracting 20.7 million tons of salt.

During the VIIth National Symposium on Control of Degradation and Soil Restoration ("Condegres") a study was published that had been prepared by the University of Barcelona and the Polytechnic University of Catalonia in association with Ercros on the control of degradation and restoration of land in relation to the future treatment for replanting purposes of the ground of the Terrera Nova (see chapter 10. Contribution and cooperation with society).

The project for the remediation of the land at El Hondón, where the old Cartagena factory had been located, is currently being analysed by the local authorities.

The European directive on industrial emissions has banned as from 11 December 2017 the use of mercury technology in the production of chlorine and caustic soda, and requires the use of best available techniques ("BAT") in production processes. On 20 January 2016 Ercros announced that as the company's main customer for chlorine, Covestro (formerly Bayer), had decided to close its MDI plant in Tarragona, it would not be necessary to undertake the investment to replace the mercury technology at the chlorine production plants at the Flix and Vila-seca I plants.

The Ercros production sites included in legislation on measures to control risks inherent to serious accidents in which hazardous substances are involved (Seveso III) have complied with the rules established in this regulation, having submitted the reports and passing the corresponding audit.

On 18 November 2014, a resolution by the Under-secretariat of State for the Environment assigned Ercros 1.98 million tonnes of free emission rights for the 2013-2020 period, of which 251,900 tonnes correspond to 2015 (256,500 tonnes in 2014), according to the terms of Law 1/2005 regulating the trade in greenhouse gas emission rights and establishing maximum issue quotas for companies on the basis of their production processes, with the assigning of their portion of free rights. In 2015, Ercros received EUR 138,000 as ex-ante compensation in relation to emission rights.

Accidents with environmental consequences

During 2015 there were no accidents with serious environmental consequences, and only three incidents took place:

- On 24 January 2015 there was a process incident at the paraformaldehyde plant at the Almussafes factory when abnormally high temperatures were detected in a bucket elevator. Both the automatic control devices and plant personnel performed in accordance with established plans, so that the incident was resolved without consequences.
- On 30 January 2015 there was a traffic accident at Bujaraloz that affected 2.75 tonnes of PVC compounds, non-hazardous material from the Monzón factory.
- On 11 November 2015 there was an incident without consequences because of pH non-compliance in the discharge of purified water being pumped to the Tarragona factory sewage main. The required notice was given to the authorities, and the necessary corrective actions have been taken.

Development of lawsuits

In 2015 the following significant new lawsuits have been brought, and we also report on the main developments in relation to the principal lawsuits that remain pending:

- On 22 January 2015, Ercros filed the corresponding complaint in contentious-administrative court against the Secretariat

of the Environment and Sustainability of the Generalitat de Catalunya following the partial dismissal by the Catalonia Supreme Court of Justice of the contentious-administrative appeal filed by Ercros against the mentioned administration's ruling demanding payment of a bond for the handling of the waste of the Tortosa plant and the setting of new limits on total organic carbon ("TOC") for two emission sources as a condition for renewing the environmental approval for that factory. On 18 December 2015, Ercros submitted its statement of conclusions, while the defendant administration did so on 20 January 2016. Proceedings are now awaiting the setting of a court date for voting and a decision.

- On 2 March and 20 October 2015, Ercros was notified of the imposition of several penalties because of a serious breach of formaldehyde emission limits by the Cerdanyola factory for the minimum amount of EUR 20,000. The discovery stage has not yet begun for the appeal filed by Ercros with the Catalonia Supreme Court on 11 February 2014 against the decision by the Generalitat de Catalunya establishing a limit on formaldehyde emission of 20 mg/m³ for the Cerdanyola factory, on the grounds that current autonomous community and state regulations set no limits.

In connection with this complaint, Ercros initiated contentious-administrative proceedings at the Catalonia Supreme Court against the Secretariat of the Environment and Sustainability of the Generalitat de Catalunya in relation to the non-material modification to the overall environmental approval for the Cerdanyola factory consisting of the unifying of the sources of emission of gas into the atmosphere. As in the previous case, the limit on formaldehyde emission contained in that resolution is being challenged. At present this proceeding is at the evidentiary stage.

- On 3 February 2015, Ercros filed a complaint against the court of first instance number 36 in Barcelona for damages because of the agreement entered into with Acumad and the Municipality of Flix whereby Ercros ceded the use of its landfill site in that locality.
- On 2 March 2015, Ercros filed a contentious-administrative appeal against the dismissal of a request for annulment of the approval of a non-material modification to the integrated environmental approval of the Solvin Spain plant at Martorell, in relation to the increase in the capacity of the mercury cells for the electrolysis process. The appeal is pending reply by the Catalan administration.
- On 7 July 2015, the Supreme Court issued a ruling against an appeal for reversal filed by ecology association Fundació

Oceana, confirming the decision by the Catalonia Supreme Court of Justice favourable to the interests of the Ercros group in relation to the granting of integrated environmental authorisation for the electrolysis plants using mercury technology at the Flix and Vila-seca I factories.

- On 16 September 2015, Ercros submitted its statement of conclusions on the challenge to the provisional calculation of the water use rates for the Flix factory corresponding to financial 2012. The challenges corresponding to years 2010 and 2011 are pending voting and decision.
- In February 2015 the Catalan Water Authority accepted the appeal submitted by Ercros against the ex-officio review of the water use rate for the Flix, factory for 2013, which had made use of values that were unfavourable to the group. Days later the review of the rate for 2014 was received, which adopts the same criteria, leading to the filing of pleadings by Ercros on 29 May 2015.
- On 5 October 2015, Ercros submitted its statement of conclusions in relation to the contentious-administrative measure it had filed with the Andalusia Supreme Court of Justice against the rejection by the Andalusian authorities of the appeal by Ercros on the extraordinary extension of the term of three public domain maritime-terrestrial concessions affecting Salina de Huelva, since disposed of. The Gobierno de Andalucía has not yet submitted its statement of conclusions.

In relation to this matter, on 25 June 2015 the Huelva Territorial Delegation for Agriculture, Fishing and the Environment of the Gobierno de Andalucía, at the instigation of the public prosecutor, initiated proceedings for declaration of the extinguishing of the right that had been held by Ercros to occupy the public maritime-terrestrial domain. On 17 July of that same year, the company filed a statement requesting that the case be filed, which at the date of approval of this report had not yet been ruled on.

- On 19 November 2015, the Council for Environmental and Territorial Planning of the Gobierno de Andalucía, at the instigation of the public prosecutor, filed proceedings to obtain information from Ercros for an alleged environmental crime committed between 2008 and 2015 at the Palos de la Frontera factory, since disposed of. Ercros submitted the required information in due time and manner, and so far there has been no response from the authorities.

The total amount of penalties for failure to comply with legal requirements in relation to the environment amounted to EUR 42,002 in 2015 (EUR 5,356.17 in 2014).

Environmental responsibility and protection of biodiversity

Ercros cooperates with various programmes for the protection of habitats and biodiversity in areas near to its production sites or directly linked to its industrial activity.

- At Flix the company collaborates with and is a member of the board of trustees of the Sebes Natural Area, located opposite the factory. This area forms part of the Riberas del Ebro Nature Reserve, which has been declared by the Generalitat to be a Natural Wildlife Reserve within the Plan for Areas of Natural Interest in Catalonia (*Plan de Espacios de Interés Natural "PEIN"*).
- In Cardona, the company collaborates with the Generalitat de Catalunya and the Cardona Municipality on the recovery of the Valle Salino in that district by means of an agreement signed in 2001. The purpose of this agreement is to achieve the restoration and protection of this landscape, also included within the "PEIN", by means of the elimination of the slagheaps generated by potash mining and the reforestation of the areas that become available.

Social responsibility in relation to suppliers and contractors

The main objectives of the company in relation to social responsibility within the supply chain (suppliers and contractors) are to require inclusion of social responsibility criteria in the contractual relationship with suppliers of goods and services and to promote safe product distribution with a minimal environmental impact.

The company's main instruments for achieving these objectives include the distribution code of the Responsible Care programme; inclusion of a clause on acceptance and compliance with the Code of Ethics in contracts with its suppliers; issue of reports on accidents; aptitude and monitoring audits; inter-company committee meetings; verification that the uses of the products manufactured by Ercros are included in the exposure scenarios of the material data safety sheets (MSDS) provided by the suppliers of raw materials and the approvals of the containers for use to despatch hazardous materials; voluntary mutual assistance programmes in the event of accidents in transportation, and training.

In 2015 the clause on compliance with the Code of Ethics was included in 100% of the contracts entered into with general logistics suppliers and 99.4% of the orders issued to suppliers of goods and services to the factories.

During 2015, 10 internal procedures dealing with suppliers and contractors were revised, including the initial procedure for selecting and approving suppliers, control and analysis of transport non-conformities, the procedure for product loading and unloading operations and the purchasing management manual.

Handling of relations with suppliers

Each production facility has an inter-company committee formed by representatives from Ercros and the contractor companies that is responsible for facilitating coordination of accident prevention, accident rates, management procedures, training programmes, etc. In 2015 a total of 22 inter-company meetings were held at all production facilities (58 meetings in 2014).

The integrated logistics management establishes the conditions and requirements for the service provided by companies supplying raw materials according to type of supplier and product. During 2015, the company held 135 meetings with suppliers of raw materials, containers and packaging (150 meetings in 2014).

Through its membership of business associations, Ercros participates in work groups with associations of suppliers and service companies to ensure there is fluid communication that will ensure optimum safety conditions, environmental protection and improvement, customer service quality, and the training of external employees. Specifically, it participates through Feique with the Spanish Confederation of Goods Transporters (*Confederación Española de Transporte de Mercancías* - "CETM") and through the AEQT with the Association of Tarragona Service Companies (*Asociación de Empresas de Servicio de Tarragona* - "AEST").

Evaluation and approval of suppliers

Companies entering into contracts with Ercros must pass an initial audit and regular evaluations that among other aspects confirm the suppliers' capacity to fulfil the supply and service contracts that have been signed, complying with the sustainability and ethical conduct requirements followed by Ercros, and the requirements of our customers. This assessment evaluates supplier certifications and the level of satisfaction achieved, and compares the incidents and breaches against conditions agreed for the period being assessed. The assessment also forms the basis for correct management of purchases and provisioning, as well as for definition of the purchasing strategy and the most appropriate actions for improvement within the company.

Ercros also performs annual follow-up audits of transport and external warehousing companies, as well as of suppliers of raw materials and containers and packaging, according to established criteria, based mainly on the results of evaluations carried out and the monitoring of complaints and incidents that have been detected.

The production facilities carry out regular safety audits and emergency drills with the involvement of personnel from contractor companies who provide services on a regular basis at such sites.

In 2015, personnel belonging to companies providing goods and services received 1,355 hours of training (1,330 hours in 2014). Transport companies complete the training of their employees with the MSDS sheets of the products that they carry that have been provided by Ercros.

In the province of Tarragona, the service companies that are hired are certified by the AEQT and must undergo an initial audit to verify their safety management system, and this certification is renewed every two years. An additional quarterly monitoring of the behaviour of these companies in the area of safety is also carried out.

Sustainability of consumption

The company applies criteria for reduction, reuse and recycling of the raw materials it consumes.

In 2015 there were three plants in operation for cogeneration of electricity, steam and hot water, located at Vila-seca I and Vila-seca II (two plants). In 2016 the decommissioning of the Vila-seca I plant and one of the two Vila-seca II plants was arranged.

4.9% of the electricity consumed by Ercros in 2015 (3.5% in 2014) came from the cogeneration plants, which achieved a total output of 81.9 GWh, 2.6% above the total reached in 2014.

The company operates channels for collaboration with its suppliers to improve the sustainability benefits of the products supplied.

In 2015 the following reductions in consumption and environmental improvements in relation to goods transportation have been achieved:

- Replacement for certain destinations of trucking shipments by multimodal transport. Rail transportation means lower CO₂ and particle emissions than highway transportation, and has enabled the saving of 320 tonnes of CO₂.
- Adaptation of container features to individual product characteristics and the planning of the monitoring of distribution of purchases among the various suppliers has enabled savings of 3.7% to be made in the purchase cost of these materials.
- 27% of pallets used are recycled.
- Thermal energy consumption at the Tortosa plant has been cut by 15%.
- Consolidation of a 10% reduction in electricity consumption at the potassium chloride pilot electrolysis cell thanks to the new zero gap technology.
- Reduction in energy consumption and raw materials in the production of EDC and in the variable cost of secondary raw materials in the PVC process.

Mutual assistance agreements

Ercros holds a certificate as an Authorised Economic Operator ("OEA"), granted by the Customs and Excise Department of the State Tax Administration Agency. This certificate identifies operators in the European Union who can be considered trustworthy partners in customs matters.

The company cooperates in the prevention of emergencies and provides aid, advice and technical assistance in the case of transport accidents involving hazardous substances through its participation in the Spanish system for emergency response in the case of land transportation of hazardous materials ("Ceret") and in the agreement on maritime transport of hazardous substances ("Ceremmp"). It also participates in the mutual assistance programme for the transportation of bulk chlorine. In 2015, as stipulated in the distribution code of the Responsible Care programme, five drills were carried out for intervention in the case of transportation accidents (six in 2014).

Ercros forms part of the work group on chlorine transportation of the European Chemical Industry Council ("Cefic"), the aim of which is to reduce risks in transportation and draw up recommendations.

The principles underlying relations by Ercros with its customers and consumers are based on the satisfaction of their needs by delivering products that are in accordance with specifications, delivery terms and all other contractually agreed conditions, continuous improvement in the products supplied, and compliance with the legal requirements and such voluntary agreements it may have entered into.

To do so, the company has set as its main objectives:

- To ensure that there are no complaints from customers.
- To achieve the highest quality in its manufacturing processes, end products and in the entire management chain, from raw material to customer delivery.
- To cooperate with customers in accordance with good product stewardship practices.

To achieve these objectives, the company makes use of quality management systems, its Customer Attention Centre ("CAC"); product stewardship and satisfaction surveys.

All Ercros production facilities have incorporated a quality system certified under ISO 9001:2008. Five Pharmaceuticals Division products have been approved by the Food and Drug Administration ("FDA") and a further three products have filed for approval with the FDA and are awaiting customer records. Together, these products represent 63% of the production of the division.

The CAC is the body responsible for channelling relations with customers in the case of complaints, requests for technical assistance, doubts, suggestions, etc. In addition, the sales management for each business carries out regular surveys to determine the level of customer satisfaction.

Product stewardship and traceability

In the context of its product stewardship, the company contributes its knowledge and means to carry out responsible and ethical management during the entire life-cycle of the products it manufactures, from design of the industrial facilities and the purchase of raw materials to the end of their life, either as a result of consumption of their transformation into waste. In addition, the company maintains close links with its customers, and if required provides them with advice and information to ensure that the products they consume are used and handled in the correct manner.

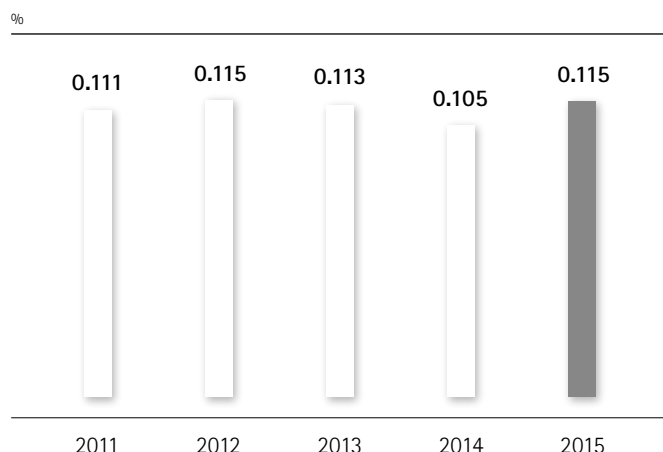
In 2015 a new guide was published for updating Reach dossiers in the International Uniform Chemical Information Database ("Iuclid") used by the European Chemical Agency ("ECHA") and the internal procedure for the management of the FDS and the guidelines in relation to the organisation of the management of product stewardship and the import and export of hazardous chemical products.

The corporate website can be consulted to see the uses that have been identified for each of the products sold by the company, identified by their CAS (Chemical Abstracts Service) and EINECS (European Inventory of Existing Commercial Chemical Substances) numbers. There is also a form that can be completed to request additional information.

According to Reach regulations on registration, evaluation, authorisation and restriction of chemicals and the CLP regulation on classification, labelling and packaging, which apply to most of the products manufactured and sold by the company, in 2012 Ercros concluded the adaptation of its FDSs for all the products manufactured and sold by the company and the mixes sold in the languages of the European Union requested by the sales department and the CAC. To date, Ercros has published 548 FDSs translated into 17 languages, 286 of which are in Spanish.

To ensure responsible use of the products it sells, Ercros has signed up on a voluntary basis to sector and product agreements, including the Responsible Care programme, an accord for environmental protection and the control of emissions in the Spanish chlor-alkali sector, and through the Cefic, the code of conduct to set up a monitoring system for precursor chemicals that can be used for the illegal manufacturing of explosive substances (sodium chlorate).

Evolution of the complaint rate ¹



¹ Complaints rate = Number of tonnes of products affected by a customer non-conformity in relation to the total number of tonnes sold.

Complaint rate

In 2015, the Ercros complaint rate that measures the volume of products affected by customer non-conformity in relation to the volume of own and third party products shipped was 0.115 (0.105 in 2014). The percentage of satisfactory shipments reached 99.88%.

Description of success stories

In 2015 the following achievements were recorded in relation to product sales and quality:

- Improved quality for the industrial salt from Cardona as a consequence of the optimising of operating treatments. During the year the company made improvements to the salt purification process at the Cardona plant that reduced the level of impurities in the salt sent to the company's electrolysis plants by 50%.
- Distribution to customers of the FDS updates.
- Distribution to customers of 1,001 satisfaction surveys.
- Implementation of electronic invoicing for over 12.2% of domestic customers.
- Sending of documentation on exports directly from the production sites and the CAC to agents has reduced the printing of such documentation by 50%.

Innovation and technology

The company's activity in the fields of innovation and technology has focused on the development of new products with increased added value, and the search for excellence and sustainability in production processes, with the aim of minimising their environmental impact and achieving optimum energy efficiency using the best techniques available.

The group has four of its own R+D+i centres in Aranjuez, Monzón, Sabiñánigo and Tortosa that provide services to the Pharmaceuticals, Plastics, Basic Chemicals and Intermediate Chemicals divisions respectively, and it also establishes cooperation agreements with universities and technology centres.

In 2015 Ercros allocated EUR 4.22 million (EUR 4.60 million in 2014) to investment and spending on innovation and technology.

Among the most significant projects carried out in relation to the development of new products and improvements to existing products during 2015 we would highlight:

- Development in a pilot stage of new solid oxidant products.
- Industrial tests have been carried out on the manufacture of TCCA tablets with new microencapsulated additives, for which a patent was applied in 2014. On 12 June 2015, the R+D+i department of the Sabiñánigo factory, together with the Aragón Nanoscience Institute, obtained the 'Triple Hélice' prize awarded by the University of Zaragoza for this project.
- Tests have been performed for approval of the new products in the ErcrosFlex® range, in collaboration with future customers, and approval of the patent, requested in January 2013, is pending. In the case of the ErcrosBio® product line, work is being carried out on three types of application: durable aesthetic goods, 3D printing and packaging.
- In the Pharmaceuticals Division, studies have been carried out on the incorporation of new fermentation products and new technologies to increase the productivity of existing products.
- Improved quality of resins in relation to their free formaldehyde content and an increased range of such products, with the obtaining of new moulding compound qualities.

Commitment to society

Information, transparency and involvement in the social, cultural and economic reality of the community are the principles that govern relations between Ercros and society.

The company has acquired a commitment to society in so far as its success and continued existence depend on the prosperity of society in general, and more specifically, that of the local community where it operates and the various stakeholders with which it interacts internally (payroll and contractor personnel, shareholders, customers and suppliers) and externally (social and cultural organisations, the educational and scientific community, public administrations, companies in the regions where it carries out its business, etc.).

This commitment drives the company to act in a manner that balances the logic of the market, which seeks the highest possible financial return, and the social commitments assumed by the organisation.

The Ercros work centres have defined their social maps, which include lists of their respective stakeholder groups, and these are updated regularly.

The company's main contribution to society is the employment generated in the areas in which it operates, and this has a greater impact when the localities are small. In 2015, indirect and knock-on jobs¹ generated by the activity performed by Ercros totalled 4,107, equivalent to 6% of the labour force² of the municipal districts in which the production facilities are located.

Principal actions

Among the activities carried out by the company over the course of 2015 for the benefit of society, we would highlight the following:

In the field of health and prevention

- The annual campaign and information actions for the prevention of accidents.
- The annual campaign on health monitoring, health habits and control of the risks of exposure laid down in regulations.
- The annual vaccination campaign. In 2015, 214 people were vaccinated against influenza (211 in 2014), and 39 people were vaccinated against tetanus and diphtheria (55 people in 2014).
- Epidemiological studies of the most frequently occurring pathologies at production facilities.
- Specific campaigns on lifestyles (food and exercise), cardiovascular risk, diabetes, stress, back care and prevention of muscular disorders, training on the use of defibrillators, first aid and emergencies, specific workplace risk, work leaves, reclassification of formaldehyde and crisis communication.

In the field of employment training and research

- The agreement for the accreditation of professional skills in "basic chemical plant operations" equivalent to an intermediate level chemical industry certificate, whereby 76 employees of the Sabiñánigo factory obtained their certification in 2015. These employees were required to approve an evaluation and accreditation procedure ("PEAC") carried out by the Gobierno de Aragón, in association with Feqpa and Ercros.
- The agreement entered into between the AEQT and the Department of Education of the Generalitat de Catalunya on 16 April 2015, whereby in 2015 35 employees from the Tarragona Complex have begun the professional skills certification course with the intention of obtaining an official higher level qualification certificate in industrial chemicals granted by the Comte de Rius Institute.

¹ To calculate indirect and knock-on jobs created use has been made of a three times multiplier, which is normally used by the chemical sector in its estimates.

² The labour force has been calculated on the basis of the labour force participation rate for the province in question.

- Participation by the Tarragona Complex in the agreement between the AEQT and the mentioned Department of Education for the delivery of courses on administration and finance under a dual vocational training regime for students of the Joan XXIII institute in Tarragona.
- The cooperation agreements for the hiring of students on work experience internships with local institutes and councils: the AIMME metalmechanic institute and Manuel Sanchís Guarner in Almussafes; Vicente Blasco Ibáñez in Valencia; Biello de Aragón in Sabiánigo; Comte de Rius de Tarragona in Flix; Ebre in Tortosa; Mare Molas in Reus; Narcís Sala in Barcelona; Piràmide in Huesca; Mor de Fuentes in Monzón; Corona de Aragón in Zaragoza; Instituto Aragonés de Empleo ("Inaem"); San Ramón in Cardona; Vicente Aleixandre and Santiago Rusiñol in Aranjuez, and Islas Filipinas in Madrid. During 2015, 35 students gained work experience in Ercros (47 in 2014).
- The agreements on internships for graduate and post-graduate students with university centres: University of Valencia; Madrid Autonomous University ("UAM"); University of Navarra; University of Zaragoza; International University of La Rioja; University of Salamanca; University of Barcelona ("UB") and Universidad Rovira i Virgili at Tarragona ("URV"). During 2015, 17 university students performed internships in Ercros (23 students in 2014).
- Agreements for the development of research projects, associations and cooperation programmes entered into with the following:
 - The UAM-Ercros sponsored chair, the main aim of which is to promote research, teaching and study in the field of pharmaceutical chemicals.
 - The Sarrià Chemical Institute ("IQS"), the UAM and the Polymat Institute at the University of the Basque Country ("UPV").
 - The ITENE (Valencia), Leartiker (Biscay) and Leitat (Terrassa) technology centres, with the participation of the Catalan Plastics Centre at Terrasa and the Polytechnic University of Catalonia ("UPC") for the development of bioplastics.
 - The Catalan Institute of Chemical Research ("ICIQ") for the development of a catalyst for the production of formaldehyde, which has received a subsidy from the Technology Innovation Clusters programme of the Generalitat de Catalunya.
- The Catalonia Geological Institute, for the setting up at Cardona of trihedral satellite reflectors to measure natural geological movements in the Salt Valley of Cardona.
- The Foundation of the Centre for Research on Energy Resources and Consumption ("Circe"), for the development of power to gas storage, integrating CO₂ capture in industry with the production of hydrogen in the chemical industry.
- The UB and the UPC, for technical advice on the restoration and replanting of the Terrera Vella in Cardona.
- Cooperation with the Junior Achievement Foundation, the largest international non-profit educational organisation formed by companies and professionals, dedicated to promoting entrepreneurial spirit among the young.

Agreements in the area of environmental protection (see chapter 7. Environment)

- Collaboration with the Sebes Natural Area in Flix.
- Cooperation agreement with the Generalitat de Catalunya and the Municipality of Cardona for recovery of the salt valley of Cardona.
- Ceding to Acuamed of land for the construction of a plant to treat mud from the clean-up of the swamp at Flix.
- Elimination of potassium mining slagheaps at Cardona and reforesting of the areas being released.
- Ceding of part of the El Racó de la Pubilla tip to Acuamed for it to deposit mud after it has been treated.

Economic and social contributions to the districts where the company carries out its activities

- Agreement signed on 16 September 2015 with MOA BPI group, a consultancy specialised in industrial redevelopment processes, with the aim of attracting new projects capable of generating employment on land made available at the Flix factory site. On 6 April 2016, the two parties agreed to extend this agreement for a further year.
- Ceding of several roads and a leisure area to the Municipality of Flix for development for public use or services under a cooperation agreement signed on 30 July 2012 within the framework of a plan for comprehensive redevelopment of the Flix factory housing estate. A draft proposal for the subdivision of the Estate was submitted in 2016.
- Sponsorship of the Flix municipal nursery, under an agreement renewed in 2014 for the 2014-2016 period.
- Purchases made from special employment centres and social integration companies for an amount of EUR 325,271.39 (EUR 318,017.31 in 2014).
- Sponsorship, donations and contributions to company teams for an amount of EUR 119,820 (EUR 87,924 in 2014), of which EUR 49,290 were in the form of sponsorship and EUR 70,530 consisted of contributions to company teams.
- Development of activities with cultural, sporting and social associations and groups.
- Participation at the 'A toc de pito' exhibition as part of the VIIth historical heritage day and the VIIIth get to know the banks of the Ebro course, with the providing of old plans of some of the Flix factory facilities, the plant guest book, ancient laboratory material and two diplomas from exhibitions held in the 1940s and 50s.

Voluntary social work

- The annual food donation campaign in 2015 collected 3,369 kilos of food and infant hygiene products for impoverished families (3,440 kilos in 2014).
- The 'Tapones para una nueva vida®' bottle-cap collection campaign in collaboration with the Seur Foundation collected 650,650 plastic caps (507,000 in 2014) and has contributed to improving the quality of life for boys and girls who have been able to benefit from medical and orthopaedic treatments not covered by the public health system.
- Campaigns undertaken by the Aranjuez, Barcelona, Monzón and Tarragona Complex for the collection of aluminium cans, mobiles and batteries, and volunteering work at the Banc dels Aliments food bank.

Activities with business organisations

In addition to active involvement on the committees and work groups of the numerous business organisations to which Ercros belongs, its executives hold positions of responsibility on such bodies:

- The Chairman of the company is a member of the standing committee of the Feique and is on the board of the Association for Economic Research on the Promotion of Employment (*Sociedad de Estudios Económicos de Fomento del Trabajo Nacional*).
- The General Business Director chairs the energy committee and is a member of the assembly and board of Feique; member of the board of the Association of Major Energy Consumers ("AEGE") and the plenary committees of the Tarragona Chamber of Commerce, Industry and Shipping.
- The Director of Legal Affairs is a member of the legal and fiscal committees of Feique legal and fiscal committee of the AEQT.
- The Director of the Secretariat general is a member of the communications committee of Feique and Cicloplast.
- The Director of the Basic Chemicals Division is a member of the board of Feique, member of the management committee of EuroChlor and represents the company at the National Electrochemical Association ("ANE"), on the advisory committee on infrastructure for National Employment Promotion.
- The Industrial Manager of the Basic Chemicals Division is a member of the general technical committee of EuroChlor and represents the company on the peroxygenates sector group of the Cefic.

- The Director of the Intermediate Chemicals Division is a member of the Feique assembly, member of the board of Fedequim and member of the formacare group of the Cefic, the European Phenolic Resins Association ("EPRA") and the International Methanol Producers and Consumers ("IMPCA").
- The Industrial Manager of the Intermediate Chemicals Division is a member of the technical committees of the Cefic's formacare group and the EPRA.
- The Integrated Logistics Director is a member of the infrastructures commission of Feique and a member of the chlorine transportation working group of EuroChlor.
- The Sustainable Development Director is a member of the Feique environment committee, the environment and industrial safety committee of Fedequim, the environment committee of the Fomento del Trabajo Nacional federation, the working group on the protection of the environment of EuroChlor, the Responsible Care coordinators group and the management committee of the Responsible Care programme in Spain.
- The Technology and Innovation Director participates on Feique's R+D+i committee and the innovation committee of the Fomento del Trabajo Nacional federation.
- The Prevention Manager heads the Feique safety committee, is a member of the Aenor technical committee for the development of ISO 45001 and belongs to the health working group de Euro Chlor.
- The Director of the Tarragona Complex chairs the communication committee of the AEQT and is a member of the management board of that organisation as well as of ChemMed.
- The Manager of the Tortosa facility is a member of the AEQT, the Baix Ebre industrial estate ("Apibe") and the Counties of the Ebro Business Association ("AECE").
- The Manager of the Sabiñánigo facility is a member of the executive committee of the Aragon federation of chemical and plastics companies ("Feqpa") and represents that federation at the Aragón Business Federation ("CEOE Aragón") and is a trustee of the Foundation for the Development of New Hydrogen Technologies in Aragón.
- The Manager of the Cardona facility is a member of the association of business leaders and the monitoring committees of the Cardona Salt Valley.

Voluntary agreements

Ercros has assumed voluntary commitments, some of them promoted by the chemicals sector, with objectives that are more ambitious than those foreseen by current regulations, such as:

- The Responsible Care programme promoted by Feique (*see chapter 4. Ethics and values*).
- The Global Compact promoted by the UN (*see chapter 4. Ethics and values*).
- Certification of environmental management according to ISO 14001, ISO 14064, ISO 50001 standards; quality management certification under ISO 9001, and accident prevention and occupational health management under OHSAS 18001 (*see chapter 4. Ethics and values and chapter 7. Environment*).
- Registration on the EMAS environmental register (*see chapter 7. Environment*).
- The Good Governance Code for listed companies ("CBG") (*see chapter 4. Ethics and values*).
- The voluntary agreement for environmental protection and control of emissions in the Spanish chlorine alkali sector (*see chapter 4. Ethics and values*).
- The CDP survey on the strategies of listed companies to combat climate change, (*see chapter 4. Ethics and values*).

Information, dialogue and transparency

Ercros carries out a communication policy based on information, dialogue and collaboration with society in general and with its stakeholders in accordance with its intention to act as a socially responsible company.

The company has implemented plans and procedures to encourage communication with employees and the remaining stakeholders, and to prepare for crisis situations.

The crisis communication procedure was revised in 2015.

Relations with society and stakeholders

In its relations with society in general, and specifically with its stakeholders, the company uses the following communications channels:

With society in general

- The Corporate Social Responsibility Report ("CSR Report"): This will be annual as from 2016. On 11 December 2015 the company received the first transparency award granted by Feique in association with the Chemicals and Society Forum. This award recognises the quality and transparency of the CRD report published by the company that includes all the actions, procedures and decisions taken on the matter of social responsibility.
- The Economic and Financial Report: With an annual frequency, this report contains the most significant data for each year.
- The Annual Corporate Governance Report: This annual report provides information on corporate governance and the level of compliance with good governance code recommendations.
- The Report on Remuneration of Directors: With an annual frequency, this report informs on the board remuneration policy.
- The corporate website (www.ercros.es): The website contains general information on the company, its production facilities and the products it manufactures, economic and financial information, information on the company's share, corporate governance and commercial information, etc. A Catalan language edition began to be published in 2015.
- The corporate video: This can be accessed from the corporate website, and provides information on the company for the general public.
- Web 2.0 tools: Vimeo, Flickr, LinkedIn and RSS.

With stakeholders

- Digital newsletter: This can be requested on the company's website and includes the most important news items published by the company. In 2015 eight newsletters were published.
- Press releases: These are the main means of contact with the media. In 2015 35 releases were sent out (33 in 2014).
- External communications: These contain information on events involving the company, either general or local, and are distributed to external stakeholders according to their content. In 2015 an average of seven communiqués per facility per year were sent out (10 communiqués in 2014).
- Relevant event announcements: These are the means of communication with the stock market. In 2015 the company sent out 27 such communications (26 communications in 2014).
- Internal communications: These inform on matters of interest to company personnel. In 2015 31 communications were issued (35 communications in 2014).
- Participation at sector trade events: In October 2015, Ercros took part at the International Pool and Wellness Show in Barcelona, where it presented the new water treatment chlorine tablets based on nanotechnology. The Pharmaceuticals Division participated in the Pharmaceutical Ingredients Conference ("CPhI") in Frankfurt, a strategic meeting for those responsible for the pharmaceuticals sector.

- Pre-arranged visits: Intended for students and teachers, customers, suppliers, local authorities, etc. In 2015 29 visits took place, with the participation of 788 people (25 visits in 2014 with the participation of 641 people).
- Open days: Targeted at neighbourhood, business and social groups, etc. and company workers and their families. In 2015 two open days were held, this first on 22 June at the Aranjuez factor, with the participation of over 200 employees and family members, and the second on 30 October at the Cardona and Solsonés business associations. The plan for improvement in dialogue ("PMD"): In 2015 there were 1,189 cascade-type meetings at which 4,760 people participated (1,440 meetings in 2014 attended by 6,980 people).
- The internal bulletin on PMD: In 2015 six bulletins were issued.
- The virtual notice-board: This contains information of interest and the publications issued by the company. It can be freely accessed by company employees, being hosted on the company's server, and acts as a corporate intranet.
- The suggestion box: This channels and rewards suggestions for improvement put forward by personnel. In 2015, 23 suggestions for improvement were made (18 suggestions in 2014).
- The customer and general Public Service Line ("LAP"): This line receives suggestions, enquiries and complaints from external stakeholders. Eight suggestions were received in 2015 (12 proposals in 2014)
- Company publications, on paper and electronic: distributed direct to interested parties or downloaded from the corporate website, and in the case of employees, also from the virtual notice-board.
- The ethics channel (*see chapter 5. Human resources*).
- The Shareholder Office (*see chapter 6. Shareholders and investors*).

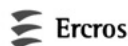
Audits

On 1 June 2015 the firm of Bureau Veritas confirmed that the CSR report for Ercros corresponding to the 2013 and 2014 years had been prepared according to the indicators gathered in the guide for the application of corporate social responsibility in the chemicals and life sciences sector (*see chapter 4. Ethics and values*), and has for the third time rated it as "excellent". The audit report mentioned five measures for improvement that have been incorporated to company practices.

In 2015, Ercros improved its score on the CDP survey questionnaire (*see chapter 4. Ethics and values*) obtaining 87 out of 100, five more than in 2014 and three points above the average for its sector, in the evaluation of the transparency of its information. In the case of the CSR rating by EcoVadis (*see chapter 4. Ethics and values*), it improved its "gold" rating by two points to 64 points out of 100, placing it among the top 2.5% of all companies taking part.

In addition, Ercros regularly performs internal audits to determine the level of compliance with the PMD and to determine satisfaction levels regarding the operation of the company's tools for communication and information.

In 2015 all company sites have included in their emergency drills a call to notify the company's department of communication.



Responsabilidad del informe de responsabilidad social empresarial

La presente diligencia tiene por objeto hacer constar que el consejo de administración de Ercros, S.A., en su reunión del 28 de abril de 2016, en relación con el ejercicio cerrado el 31 de diciembre de 2015, ha aprobado el informe de responsabilidad social empresarial de Ercros, S.A.

El presente informe de responsabilidad social empresarial de Ercros, S.A. ha sido elaborado siguiendo la guía de responsabilidad social, editada por la Federación Empresarial de la Industria Química Española («Feique») en colaboración con Forética, que a su vez recoge los indicadores requeridos para la certificación de un sistema de gestión ética y socialmente responsable.

Los consejeros de la sociedad, cuyos nombres figuran en las antefirmas, declaran que el presente informe de responsabilidad social empresarial ofrece una explicación detallada de los indicadores recogidos en la guía de responsabilidad social y de la actividad y evolución de la compañía en materia de responsabilidad social empresarial.

Todos los nombramientos de consejeros se encuentran vigentes al tiempo de la presente diligencia.

Barcelona, 28 de abril de 2016

Antonio Zabalza Martí
Presidente y consejero delegado

Santiago Mayans Sintés
Secretario no consejero

Laureano Roldán Aguilar
Vocal

Ramón Blanco Balín
Vocal

Eduardo Sánchez Morrondo
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Tarragona industrial complex

Tarragona factory

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This Corporate Social Responsibility Report
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