

StanChem resins
a division of DELTECH

 **Albi**
Protective Coatings



2022 Corporate Sustainability Report

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StanChem's Commitment to Sustainability

We are committed at StanChem to the principals of ESG (Environmental, Social, and Governance). Our company's sustainability is fully embedded in our mission statement, providing water-based polymers, fire retardant materials, and protective coatings that bring benefits to society by protecting and prolonging the life of homes, property, and industrial/consumer durable goods.

We have continued our commitment to sustainability with the help of our full time Environmental, Health & Safety Director (Dennis Vachon, P.E.). Dennis is entrusted to lead our team to implement our corporate social responsibility objectives to our products, our people, and our environment.

I am proud of our progress in 2022 with our partnership with state and federal agencies (OSHA, CTDEEP, NJDEP, EPA) to enable the best possible results for the protection of our employees, our customers, our company assets, and the environment. We continued to operate through 2022 with 365 days accident free at both of our plants – East Berlin, Connecticut and Lodi, New Jersey.

I am happy to report that StanChem transitioned in October 2022 to be an operating division of Deltech who are a portfolio company of SK Capital. This new ownership will bring continued capital investment in our company including a capacity expansion in 2023. The financial sustainability of our company is assured through this new capital investment and continued growth with our key customers.

Products – Our company develops and manufactures water-based polymers and low VOC protective coatings that meet or exceed environmental and safety standards.

People – We believe that if we invest in our people that we will be sustainable for the future.

Environment – StanChem will meet and strive to go beyond local, state, and federal environmental standards to reduce its impacts on nature.

Dr. Paul Stenson, President





Environment

At StanChem, we are dedicated to manufacturing environmentally friendly products while protecting the land, air, and water.

Environmental Stewardship

Being proper stewards of our environment is and always will be paramount at Stanchem. Our East Berlin, Connecticut, manufacturing facility is nestled along the beautiful Mattabassett River. StanChem's Fish Ladder was installed on the Mattabassett River in a collaborative effort with the Connecticut Department of Energy & Environmental Protection (DEEP). This Denil fishway was built around the dam to allow shad, river herring, sea lamprey, trout, and many other species to migrate upstream to reach nearly 50 miles of aquatic habitat. Thousands of migratory fish have been observed passing through the fishway in recent years.



Environmental Compliance

StanChem works collaboratively with regulatory agencies to continue with our excellent track record of compliance completing another year with no enforcement actions. While there are numerous regulations associated with environmental standards, StanChem chooses to go beyond the minimum requirements resulting in reductions in air emissions, reduced waste production, and reduced wastewater discharge volumes relative to production increases.

Waste Reduction

StanChem improved efficiency over 2021 and proudly installed a Thermal Oxidizer at the East Berlin, Connecticut facility to control air emissions. The facility previously operated with a scrubber system which effectively reduced emissions. However, the Thermal Oxidizer offers superior efficiency and generates less waste material. Installation of the new unit has reduced hazardous caustic waste trucked offsite from 110 to 4 totes per year.



Environmental Protection

StanChem continues to operate its state-of-the-art wastewater treatment system to improve capacity, effectiveness, and reliability. StanChem reduced wastewater generation by 27%, producing 87 lb. of latex per gallon of wastewater generated in 2022 vs. 68 lb. per gallon in 2021. The system removes latex from water using a two-step separation process: chemical separation and mechanical separation. Treated water from the system is directed to the local sewer system to continue with StanChem's policy of no discharges directed to surface water systems. Water quality was validated after installation and is evaluated every month as part of required reporting to local and state officials. This capital investment increased the plant's wastewater treatment capacity, eliminated sludge, and significantly reduced wastewater disposal costs.



Environmental Leadership

EcoVadis has awarded StanChem a Silver Recognition Level Award for its corporate sustainability program for the fourth consecutive year. EcoVadis is a global sustainability rating provider that focuses on corporate social responsibility. It has over 75,000 participating companies including well-known companies such as Ahlstrom and Henkel. The Corporate Social Responsibility assessment criteria include four themes: environment, labor practices, sustainable procurement, and fair business practices. The EcoVadis method is based on internationally adopted principles for sustainability reporting and is audited by independent sustainability experts. The Silver Recognition Level Award is given to participants with sustainability ratings among the 90th percentile.





People

StanChem values its employees and considers them to be the most critical element to our success. StanChem has a diverse workforce and has many employees with decades of service. StanChem is proud of these hardworking, honorable, and conscientious employees and recognizes their contribution and dedication to our company. As the business grows StanChem will rely on our employees to develop new and innovative products and continue the sustainability of our operations.

Employee Health and Safety

StanChem is committed to a safe and healthy workplace, with active Safety Committees at the East Berlin, Connecticut and Lodi, New Jersey facilities. StanChem offers training programs to employees and has incorporated new equipment to decrease employee exposure to physical and chemical hazards. StanChem's health and safety training program on the Learning Management System (LMS) has been translated into several different languages to maximize the learning effectiveness for staff. StanChem installed a material handling system to lift and move materials and uses motorized pallet jacks to reduce the strain on employees from heavy lifting. StanChem has also installed a personal protective equipment (PPE) vending machines for simpler distribution, so employees have the tools to work safely. With the implementation of these programs and equipment, StanChem continued to operate injury free in 2022 at both the East Berlin and Lodi sites.

Raw Material Safety

StanChem has made significant investments with infrastructure improvements in East Berlin to reduce the direct handling of potentially harmful raw materials by employees. This has included the installation of a fully automated reactor which has allowed for more bulk additions to batches without direct employee interactions with these raw materials. The installation of an additional new automated bulk storage tank has also eliminated the need for employees to directly handle smaller volumes (drums) of hazardous raw materials. While these improvements were primarily implemented to reduce employee chemical exposure, StanChem has also seen an improvement in product consistency and quality. StanChem has also made a considerable investment to implement a bulk ammonia handling system early in 2023.





Scholarships Program

StanChem believes that supporting education for others is important for strengthening the community. StanChem established a scholarship in 2021 and continued to provide funding throughout 2022, including three summer intern placements in 2022. We are committed to provide work experience for the next generation of chemists and chemical engineers.

Community Support

StanChem believes in strengthening the community through support. StanChem provides support through internship programs and food-drives. In 2022, StanChem offered summer and winter internships to aspiring college students to provide work experience and train the next generation of chemists and engineers. StanChem also worked with the non-profit organization, Gifts of Love, to organize a food drive. During the holiday season, StanChem collected non-perishable foods and toiletries to donate to individuals and families in need.





Products

StanChem and Albi's chemists and production personnel excel at working collaboratively to develop products that meet our customer's needs, while being mindful of the environment.

Products for Reduced Emission

StanChem's R&D group has developed the next generation of economical, sustainable water-based acrylic latexes for residential and industrial applications with zero volatile organic compounds (VOCs).

StanChem continues its goal to be an environmental leader by reducing greenhouse gases. Our protective coatings are designed with the lowest VOC content, which reduces emissions for our customers when applying our coatings. Water-based latex products (i.e., VOC free), make up 98% of our sales.

Products from Recycling

90% of StanChem's incoming raw material packaging is recycled and 85% of incoming solvent is delivered in re-usable totes. The lifespan of materials such as steel and plastic drums are extended through washing and recertification by an outside vendor for resale. Additionally, 100% percent of StanChem's zero-sort recycling stream is recycled, including cardboard, wooden pallets, and metals.

Products for Green Buildings

StanChem's subsidiary, Albi Protective Coatings, has multiple coatings products holding GREENGUARD Gold Certifications. Albi Protective Coatings takes great pride in upholding excellent environmental standards. By maintaining our GREENGUARD Gold certification and practicing environmentally responsible workplace habits, we positively impact the indoor air quality and health of our customers and our customer's end-use projects.



UL's GREENGUARD Certification program is recognized and referenced in numerous building programs, standards, and specifications around the world. Products with GREENGUARD Certification or GREENGUARD Gold Certification can contribute to the achievement of points in established green building rating systems, such as LEED, BREEAM, NAHB Green Building Standard 2015, Living Building Challenge 4.0, 2018 International Green Construction Code and others.

Products Designed for Safety

Fire retardant coatings are designed to stop the spread of a fire, slow the spread of a fire, and reduce the smoke a fire produces. Albi Protective Coatings is an industry leader in producing these coatings for interior and exterior steel, wood, sheetrock, and other substrates.

